U.S. Department of Agriculture

VOLUME 2

1991 BUDGET EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS

Animal and Plant Health Inspection Service
Agricultural Marketing Service
Funds For Strengthening Markets, Income, and Supply (Section 32)
Office of Transportation
Federal Grain Inspection Service
Agricultural Cooperative Service
Packers and Stockyards Administration
Food Safety and Inspection Service

Economic Research Service
National Agricultural Statistics Service
World Agricultural Outlook Board

Office of International Cooperation and Development
Foreign Agricultural Service
Public Law 480
Agricultural Stabilization and Conservation Service
Commodity Credit Corporation

Human Nutrition Information Service
Food and Nutrition Service

General Provisions

CONTENTS
(Volume 2)

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Purpose Statement

The Animal and Plant Health Inspection Service (APHIS) was established by the Secretary of Agriculture on April 2, 1972, under the authority of the Reorganization Plan No. 2 of 1953 and other authorities. The primary mission of APHIS is to protect the animal and plant resources of the Nation from diseases and pests in order to preserve the marketability of U.S. agricultural products within this country and abroad. The mission is carried out under five major functional components:

1. Pest and Disease Exclusion: The Agency conducts inspection and quarantine activities at U.S. ports-of-entry to prevent the introduction of exotic animal and plant diseases and pests. The Agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.

2. Plant and Animal Health Monitoring: The Agency conducts programs to assess animal and plant health and to detect endemic and exotic diseases and pests.

3. Pest and Disease Management Programs: The Agency carries out programs to control and eradicate infestations and animal diseases that threaten the United States; reduce agricultural losses caused by predatory animals, birds, and rodents; provide technical assistance to other cooperators such as States, counties, and farmer or rancher groups, and foundations; ensure compliance with interstate movement and other disease control regulations within the jurisdiction of the Agency.

4. Animal Care: The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments which handle animals intended for research, exhibition, and as pets, and monitoring of certain horse shows.

5. Scientific and Technical Services: The Agency performs other regulatory activities, including the development of standards for the licensing and testing of veterinary biologicals to ensure their safety and effectiveness; diagnostic activities in support of the control and eradication programs in other functional components; applied research aimed at reducing economic damage from vertebrate animals; development of new pest and animal damage control methods and tools; and regulatory oversight of genetically engineered products.

As of September 30, 1989, there were 4,873 permanent full-time and 1,019 part-time employees. Of the total, 725 full-time employees and 85 part-time employees work in central offices in the Washington metropolitan area. The field activities are managed on a national basis through 10 regional offices and 119 field offices. Much of the work is conducted in cooperation with State and local agencies, private groups, and foreign governments. Most of the Service's work is conducted at field locations in the 50 States, Puerto Rico, Virgin Islands, Mexico, Central America, the Caribbean, Western Europe, Asia, and Africa.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

	1989 Actual		1990 Estimated		1991 Estimated	
	Amount ($)	Staff-Years	Amount ($)	Staff-Years	Amount($)	Staff-Years
Salaries and Expenses....	331,207,000	5,397	347,366,000	5,453	367,950,000	5,523
Buildings and Facilities.	2,546,000	--	13,608,000	--	25,396,000	--
Total.....	333,753,000	5,397	360,974,000	5,453	393,346,000	5,523
Obligations under other USDA Appropriations:						
Agricultural Cooperative Service for administrative support....	132,399	3	132,500	3	132,500	3
Agricultural Marketing Service for administrative support and tobacco sample analysis.....	2,899,851	16	2,900,000	16	2,900,000	16
Agricultural Research Service for administrative support, predator control, Veterinary Services, and Plant Protection and Quarantine.	115,253	3	115,000	3	115,000	3
Agricultural Stabilization and Conservation Service for contamination and residue testing.....	71,000	--	71,000	--	71,000	--
Cooperative State Research Service for administrative support.....	39,864	1	40,000	1	40,000	1
Farmers Home Admin. for administrative support.....	5,000	--	5,000	--	5,000	--
Federal Grain Inspection Service for administrative support.....	1,170,341	8	1,200,000	8	1,200,000	8
Food Safety and Inspection Service for administrative support.....	13,441	--	14,000	--	14,000	--
Human Nutrition Informa. Service for administrative support.....	47,484	1	48,000	1	48,000	1

	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Office of International Cooperation and Dev. for employee services and training and animal damage control.....	1,179,240	10	1,200,000	10	1,200,000	10
Office of Inspector Gen. for administrative support.....	17,192	--	17,000	--	17,000	--
Office of Transportation for administrative support.....	135,416	3	135,000	3	135,000	3
Packers and Stockyards Administration for administrative support....	241,013	1	241,000	1	241,000	1
Soil Conservation Service for administrative support.....	3,608	--	4,000	--	4,000	--
Total, Agriculture Appropriations.....	339,824,102	5,443	367,096,500	5,499	399,468,500	5,569
Other Federal Funds:						
Department of Energy for animal damage control activities.....	72,027	1	72,000	1	72,000	1
Department of Health and Human Services for sharing a vehicle.....	2,500	--	2,500	--	2,500	--
Department of the Interior for animal damage control and research.....	130,587	2	130,000	2	130,000	2
Department of Treasury for shuttle service.....	61,631	2	62,000	2	62,000	2
Federal Aviation Administration for animal damage control.....	30,000	1	30,000	1	30,000	1
Forest Service for gypsy moth control traps and sterility technique evaluation, administrative support and animal damage control.	290,847	4	290,000	4	290,000	4
Environmental Protection Agency for Biotechnology..	15,000	--	15,000	--	15,000	--

	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Tennessee Valley Authority for animal damage control activities.....	27,084	--	27,000	--	27,000	--
Smithsonian Institution for animal damage control study.....	1,000	--	1,000	--	1,000	--
U.S. Air Force for animal damage control activities.	12,920	--	13,000	--	13,000	--
U.S. Army for animal damage control activities	175,769	3	175,000	3	175,000	3
U.S. Marine Corps for animal damage control activities.....	10,000	--	10,000	--	10,000	--
U.S. Navy for overtime quarantine inspection and animal damage control.....	196,121	2	196,000	2	196,000	2
Total, Other Federal Funds	1,025,486	15	1,023,500	15	1,023,500	15
Non-Federal Funds						
Funds derived from importers and exporters for import-export inspection, laboratory testing, control and eradication services.....	18,105,864	--	19,069,000	--	19,112,000	--
Funds from State and local governments for animal damage control activities.	4,378,822	113	4,043,205	113	4,000,000	113
Feed, care, and attendants for animals in quarantine.	1,807,325	22	1,631,000	22	1,631,000	22
Miscellaneous Contributed Funds.....	3,841,760	40	3,369,000	31	3,369,000	31
Total, Non-Federal Funds.	28,133,771	175	28,112,205	166	28,112,000	166
Total, Animal and Plant Health Inspection Service.	368,983,359	5,633	396,232,205	5,680	428,604,000	5,750

	1989 Actual	1990 Estimated	1991 Estimated
Full-Time Equivalent Staff-Years:			
Ceiling.....	5,633	5,680	5,750
Non-Ceiling.....	343	342	342
	5,976	6,022	6,092

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

GRADE	FY 1989			FY 1990			FY 1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	3	1	4	3	1	4	3	1	4
ES-4	6	1	7	6	1	7	6	1	7
ES-3	1	1	2	1	1	2	1	1	2
ES-2	0	4	4	0	4	4	0	4	4
ES-1	4	0	4	4	0	4	4	0	4
GS/GM-15	42	22	64	42	22	64	42	22	64
GS/GM-14	126	118	244	125	118	243	130	119	249
GS/GM-13	114	195	309	113	195	308	118	197	315
GS-12	103	512	615	102	512	614	106	517	623
GS-11	56	400	456	56	400	456	58	404	462
GS-10	1	22	23	1	22	23	1	22	23
GS-9	62	879	941	62	879	941	64	888	952
GS-8	10	16	26	10	16	26	10	16	26
GS-7	66	546	612	66	546	612	69	552	621
GS-6	60	106	166	60	106	166	62	107	169
GS-5	80	449	529	79	449	528	82	454	536
GS-4	42	395	437	42	395	437	44	399	443
GS-3	23	109	132	23	109	132	24	110	134
GS-2	7	21	28	7	21	28	7	21	28
Other Graded Positions....	0	20	20	0	20	20	0	20	20
Ungraded Positions.....	0	250	250	0	250	250	0	253	253
Total Permanent Positions.	806	4,067	4,873	802	4,067	4,869	831	4,108	4,939
Staff-Years:									
Ceiling.....	892	4,741	5,633	892	4,788	5,680	892	4,858	5,750
Non-Ceiling.....	7	336	343	7	335	342	7	335	342
TOTAL.....	899	5,077	5,976	899	5,123	6,022	899	5,193	6,092

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

		1989	1990	1991
Personnel Compensation:				
	Headquarters	$30,297,129	$31,176,000	$33,497,000
	Field	124,551,455	132,060,000	138,079,000
		154,848,584	163,236,000	171,576,000
11	Total personnel compensation	154,848,584	163,236,000	171,576,000
12	Personnel benefits	32,629,186	34,396,000	36,153,000
13	Benefits for former personnel	319,153	336,000	349,000
Total personnel compensation and benefits		187,796,923	197,968,000	208,078,000
Other Objects:				
21	Travel	10,686,020	11,268,000	11,691,000
22	Transportation of things	3,809,313	4,015,000	4,166,000
23.2	Rental payments to others	2,644,326	2,787,000	2,891,000
23.3	Communications, utilities and miscellaneous charges	14,960,379	15,770,000	16,361,000
24	Printing and reproduction	995,615	1,050,000	1,089,000
25	Other services	54,999,008	57,978,000	60,152,000
26	Supplies and materials	17,875,592	18,844,000	19,551,000
31	Equipment	9,893,986	10,430,000	10,821,000
32	Lands and structures	2,284,572	13,608,000	25,396,000
41	Grants, contributions, subsidies	27,846,223	27,580,000	26,980,000
42	Insurance claims and indemnities	2,667,667	6,360,000	6,160,000
43	Interest and dividends	8,071	10,000	10,000
	Total other objects	148,670,772	169,700,000	185,268,000
	Total direct obligations	336,468,695	367,668,000	393,346,000

Position Data:

Average Salary, ES positions	$74,652	$91,075	$93,876
Average Salary, GM/GS positions	$32,490	$33,489	$34,519
Average Grade, GM/GS positions	8.59	8.59	8.59

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter is enclosed in brackets):

Salaries and Expenses:

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [$352,182,000] $367,950,000, of which $4,500,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: Provided, [That $1,000,000 of the
1 funds for control of the fire ant shall be placed in reserve for matching purposes with States which may come into the program: Provided further,] That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 per centum: Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $40,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That funds available to
2 the Animal and Plant Health Inspection Service (APHIS) under this and subsequent appropriations shall be available for contracting with individuals for services to be performed outside of the United States, as determined by APHIS to be necessary or appropriate for carrying out programs and activities abroad. Such individuals shall not be regarded as officers or employees of the United States under any law administered by the Office of Personnel Management: Provided further, That this appropriation shall be available for the operation and maintenance of
3 aircraft and the purchase of not to exceed [two] four, of which [one] two shall be for replacement only: Provided further, That uniform allowances for each uniformed employee of the Animal and Plant Health Inspection Service shall not be in excess of $400 annually: Provided further, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and Section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts.

The first change eliminates the language that places funds in reserve for the imported fire ant control matching program. APHIS would enter into cooperative agreements with States to conduct regulatory and survey activities.

The second change provides the Agency with permanent contracting authority. In the past, APHIS has been assisted by the Department of State (State) in hiring local employees in foreign countries using State's contracting authority. APHIS hired approximately 100 to 125 staff-years through State. APHIS would use its own contracting authority in some locations where APHIS only had one employee assigned. The temporary APHIS employee would handle the work of the office during the absence of the APHIS Foreign Service employee. State has declared that they will no longer hire employees for use by APHIS using State's contracting authority. APHIS cannot use another Agency's contracting authority, i.e., Foreign Agriculture Service (FAS)

contracting authority. This proposed legislation is not recommended to preclude the current contracting authority legislation, which grants APHIS temporary contracting authority for field employment. The temporary contracting authority is still needed where special expertise is required for field studies and in case of emergency outbreaks.

The third change increases the number of aircraft the Agency can purchase. Since the Animal Damage Control (ADC) program transferred to APHIS from the Department of the Interior, we have approximately doubled the size of our fleet. Considering the size of the fleet and the amount of air time and engine hours, the need for increasing the number of aircraft that the Agency can purchase in one year is necessary.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES -- CURRENT LAW

Appropriation Act, 1990	$352,182,000
Budget Estimate, Current Law, 1991	367,950,000
Increase in Appropriation	+15,768,000

Adjustments in 1990:		
Appropriations Act, 1990	$352,182,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-4,816,000	
Adjusted base for 1990		347,366,000
Budget Estimate, Current Law, 1991		367,950,000
Increase over adjusted 1990		+20,584,000

SALARIES AND EXPENSES-PROPOSED LEGISLATION

Budget estimate, Current Law, 1991	$367,950,000
Change due to proposed legislation	-78,938,000
Net Request, President's 1991 Budget Request	289,012,000

SUMMARY OF INCREASES AND DECREASES-CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Africanized Honeybee	$1,916,000	--	-$1,916,000	--
Agricultural Quarantine Inspection	64,615,000	+$2,951,000	+7,403,000	$74,969,000
Foot-and-Mouth Disease	3,011,000	+62,000	+851,000	3,924,000
Import-Export	8,486,000	+371,000	+144,000	9,001,000
International Programs	4,238,000	+158,000	+96,000	4,492,000
Mediterranean Fruit Fly	9,729,000	+212,000	+490,000	10,431,000
Mexican Fruit Fly	1,504,000	+71,000	+170,000	1,745,000
Screwworm	31,607,000	+328,000	+1,456,000	33,391,000
Animal Disease Detection	5,320,000	+253,000	+3,683,000	9,256,000
Pest Detection	3,717,000	+97,000	+326,000	4,140,000
Animal Damage Control Operations	22,081,000	+821,000	+1,386,000	24,288,000
Animal Health Compliance and Enforcement	14,493,000	+452,000	-2,591,000	12,354,000
Biocontrol	5,482,000	+237,000	+1,625,000	7,344,000
Boll Weevil	12,841,000	+143,000	-3,168,000	9,816,000
Brucellosis	61,927,000	+1,523,000	+1,103,000	64,553,000
Cattle Ticks	6,172,000	+158,000	-1,870,000	4,460,000
Citrus Canker	--	--	+1,264,000	1,264,000
Grasshopper and Mormon Cricket	8,517,000	+123,000	-2,562,000	6,078,000
Gypsy Moth	4,601,000	+176,000	+100,000	4,877,000
Honeybee Pest	351,000	+11,000	+140,000	502,000
Imported Fire Ant	4,232,000	+42,000	-2,722,000	1,552,000
Miscellaneous Animal and Plant Diseases	2,342,000	+94,000	+846,000	3,282,000
Noxious Weeds	842,000	+11,000	-264,000	589,000
Pink Bollworm	1,302,000	+47,000	-339,000	1,010,000
Pseudorabies	3,292,000	+35,000	-252,000	3,075,000
Russian Wheat Aphid	898,000	--	-898,000	--
Scrapie	1,085,000	--	-1,085,000	--
Animal Welfare	7,464,000	+355,000	+869,000	8,688,000

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Horse Protection	159,000	+15,000	+185,000	359,000
Animal Damage Control Methods Development	7,326,000	+258,000	+179,000	7,763,000
Biotechnology	4,685,000	+191,000	+1,642,000	6,518,000
Plant Methods Development	4,823,000	+115,000	+561,000	5,499,000
Veterinary Biologics	8,523,000	+299,000	+685,000	9,507,000
Veterinary Diagnostics	12,201,000	+341,000	+2,256,000	14,798,000
All Other	17,584,000	+441,000	+400,000	18,425,000
Total	347,366,000	+10,391,000	+10,193,000	367,950,000

PROJECT STATEMENT - Current Law
(On basis of adjusted appropriation)

PROJECT	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
1. Pest and disease exclusion:							
(a) Africanized honey bee.....	$1,773,238	10	$1,916,000	10	-$1,916,000	--	--
(b) Agricultural quarantine inspection.....	65,141,800	1,783	64,615,000	1,752	+10,354,000	$74,969,000	1,850
(c) Foot-and-mouth disease.....	3,000,514	7	3,011,000	7	+913,000	3,924,000	13
(d) Import-Export inspection.....	8,558,001	192	8,486,000	192	+515,000	9,001,000	205
(e) International programs	4,179,707	41	4,238,000	41	+254,000	4,492,000	41
(f) Mediterranean fruit fly.....	9,538,558	79	9,729,000	79	+702,000	10,431,000	110
(g) Mexican fruit fly.....	1,443,436	24	1,504,000	24	+241,000	1,745,000	31
(h) Screwworm.....	31,980,458	72	31,607,000	100	+1,784,000	33,391,000	138
Total, Pest and disease exclusion.....	125,615,712	2,208	125,106,000	2,205	(1) +12,847,000	137,953,000	2,388
2. Plant and animal health monitoring:							
(a) Animal disease detection.....	4,657,649	75	5,320,000	69	+3,936,000	9,256,000	72
(b) Pest detection.....	3,996,831	69	3,717,000	65	+423,000	4,140,000	71
Total, plant and animal health monitoring.....	8,654,480	144	9,037,000	134	(2) +4,359,000	13,396,000	143
3. Pest and disease management:							
(a) AOC Operations.....	19,299,019	427	22,081,000	464	+2,207,000	24,288,000	474
(b) Animal health compliance and enforcement.....	15,457,981	394	14,493,000	394	-2,139,000	12,354,000	335
(c) Biocontrol.....	4,083,725	99	5,482,000	122	+1,862,000	7,344,000	131
(d) Boll weevil.....	9,485,900	117	12,841,000	126	-3,025,000	9,816,000	100
(e) Brucellosis.....	55,813,882	575	61,927,000	575	+2,626,000	64,553,000	575
(f) Cattle ticks.....	5,828,428	167	6,172,000	167	-1,712,000	4,460,000	101
(g) Citrus canker.....	--	--	--	--	+1,264,000	1,264,000	16
(h) Golden nematode.....	869,663	18	761,000	15	+47,000	808,000	20
(i) Grasshopper and Mormon cricket.....	6,531,145	26	8,517,000	26	-2,439,000	6,078,000	26
(j) Gypsy moth.....	4,617,449	109	4,601,000	109	+276,000	4,877,000	109
(k) Honey bee pests.....	--	--	351,000	4	+151,000	502,000	4
(l) Imported fire ant.....	2,916,644	39	4,232,000	39	-2,680,000	1,552,000	12
(m) Miscellaneous plant and animal diseases.	2,872,715	37	2,342,000	15	+940,000	3,282,000	26
(n) National poultry improvement plan....	217,351	2	216,000	4	+13,000	229,000	4
(o) Noxious weeds.....	524,678	5	842,000	9	-253,000	589,000	6
(p) Pink bollworm.....	1,383,462	36	1,302,000	36	-292,000	1,010,000	23
(q) Poultry diseases.....	637,434	7	634,000	7	+39,000	673,000	7
(r) Pseudorabies.....	3,100,311	21	3,292,000	21	-217,000	3,075,000	21
(s) Russian wheat aphid...	--	--	898,000	6	-898,000	--	--
(t) Scrapie.....	--	--	1,085,000	5	-1,085,000	--	--
(u) Swine health protection.....	3,352,957	84	3,220,000	84	+197,000	3,417,000	84
(v) Tuberculosis.....	3,963,192	37	3,453,000	37	+201,000	3,654,000	37
(w) Witchweed.....	4,912,414	76	4,857,000	75	+287,000	5,144,000	80
Total, Pest and disease management.....	145,868,350	2,276	163,599,000	2,340	(3) -4,630,000	158,969,000	2,191
4. Animal Care:							
(a) Animal welfare.....	5,795,366	150	7,464,000	155	+1,224,000	8,688,000	166
(b) Horse protection.....	132,637	4	159,000	4	+200,000	359,000	8
Total, Animal Care.....	5,928,003	154	7,623,000	159	(4) +1,424,000	9,047,000	174
5. Scientific and technical services:							
(a) AOC methods development.....	7,742,213	121	7,326,000	127	+437,000	7,763,000	127
(b) Biotechnology.....	3,728,124	47	4,685,000	50	+1,833,000	6,518,000	60
(c) Plant methods development laboratories.....	4,785,000	72	4,823,000	72	+676,000	5,499,000	75
(d) Veterinary biologics..	9,015,781	190	8,523,000	190	+984,000	9,507,000	190
(e) Veterinary diagnostics	12,475,876	185	12,201,000	176	+2,597,000	14,798,000	175
Total, Scientific and technical services.....	37,746,994	615	37,558,000	615	(5) +6,527,000	44,085,000	627
6. Contingencies:							
Plant and animal diseases and pests....	4,169,276	--	4,443,000	--	(6) +57,000	4,500,000	--

PROJECT	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
Unobligated balance lapsing.....	908,806	--	--	--	--	--	--
Unobligated balance available, start-of-year.	-4,378,822	--	--	--	--	--	--
Unobligated balance available, end-of-year...	6,694,201	--	--	--	--	--	--
Total, Available or estimate Appropriated funds.....	331,207,000	5,397	347,366,000	5,453	+20,584,000	367,950,000	5,523
7. Advances and reimbursements:							
(a) Pest and disease exclusion.....	18,186,576	21	18,603,576	21	--	18,603,576	21
(b) Pest and disease management.....	5,276,605	121	5,397,605	121	--	5,397,605	121
(c) Scientific & technical services.....	6,116,953	32	6,256,953	32	--	6,256,953	32
Total, Advances and reimbursements.....	29,580,134	174	30,258,134	174	--	30,258,134	174
Total, Available or estimate.....	360,787,134	5,571	377,624,134	5,627	+20,584,000	398,208,134	5,697
Receipts from Advances and reimbursements.....	-29,580,134	-174	-30,258,134	-174	--	-30,258,134	-174
Total, Available or estimate.....	331,207,000	5,397	347,366,000	5,453	+20,584,000	367,950,000	5,523
Gramm-Rudman-Hollings reduction.....	--	--	4,816,000	--			
Total, Appropriation.....	331,207,000	5,397	352,182,000	5,453			

PROJECT STATEMENT - Current Law
(On basis of available funds)

PROJECT	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
1. Pest and disease exclusion:							
(a) Africanized honey bee.....	$1,773,238	10	$1,916,000	10	-$1,916,000	--	--
(b) Agricultural quarantine inspection.....	65,141,800	1,783	64,615,000	1,752	+10,354,000	$74,969,000	1,850
(c) Foot-and-mouth disease.....	3,000,514	7	3,011,000	7	+913,000	3,924,000	13
(d) Import-Export inspection.....	8,558,001	192	8,486,000	192	+515,000	9,001,000	205
(e) International programs	4,179,707	41	4,238,000	41	+254,000	4,492,000	41
(f) Mediterranean fruit fly.....	9,538,558	79	9,729,000	79	+702,000	10,431,000	110
(g) Mexican fruit fly.....	1,443,436	24	1,504,000	24	+241,000	1,745,000	31
(h) Screwworm.....	31,980,458	72	31,607,000	100	+1,784,000	33,391,000	138
Total, Pest and disease exclusion.....	125,615,712	2,208	125,106,000	2,205	(1) +12,847,000	137,953,000	2,388
2. Plant and animal health monitoring:							
(a) Animal disease detection.....	4,657,649	75	5,320,000	69	+3,936,000	9,256,000	72
(b) Pest detection.....	3,996,831	69	3,717,000	65	+423,000	4,140,000	71
Total, plant and animal health monitoring.....	8,654,480	144	9,037,000	134	(2) +4,359,000	13,396,000	143
3. Pest and disease management:							
(a) AOC Operations.a/.....	19,299,019	427	22,770,106	464	+1,517,894	24,288,000	474
(b) Animal health compliance and enforcement.....	15,457,981	394	14,493,000	394	-2,139,000	12,354,000	335
(c) Biocontrol.....	4,083,725	99	5,482,000	122	+1,862,000	7,344,000	131
(d) Boll weevil.....	15,685,900	117	12,841,000	126	-3,025,000	9,816,000	100
(e) Brucellosis.....	55,813,862	575	61,927,000	575	+2,626,000	64,553,000	575
(f) Cattle ticks.....	5,828,428	167	6,172,000	167	-1,712,000	4,460,000	101
(g) Citrus canker.....	--	--	--	--	+1,264,000	1,264,000	16
(h) Golden nematode.....	869,663	18	761,000	15	+47,000	808,000	20
(i) Grasshopper and Mormon cricket b/...	3,106,819	26	3,585,000	26	+2,493,000	6,078,000	26
(j) Grasshopper--no year .	3,424,326	--	10,371,140	--	-10,371,140	--	
(k) Gypsy moth.....	4,617,449	109	4,601,000	109	+276,000	4,877,000	109
(l) Honey bee pests.....	--	--	351,000	4	+151,000	502,000	4
(m) Imported fire ant.....	2,916,644	39	4,232,000	39	-2,680,000	1,552,000	12
(n) Miscellaneous plant and animal diseases.	2,872,715	37	2,342,000	15	+940,000	3,282,000	26
(o) National poultry improvement plan....	217,351	2	216,000	4	+13,000	229,000	4
(p) Noxious weeds.....	524,678	5	842,000	9	-253,000	589,000	6
(q) Pink bollworm.....	1,383,462	36	1,302,000	36	-292,000	1,010,000	23
(r) Poultry diseases.....	637,434	7	634,000	7	+39,000	673,000	7
(s) Pseudorabies.....	3,100,311	21	3,292,000	21	-217,000	3,075,000	21
(t) Russian wheat aphid...	--	--	898,000	6	-898,000	--	--
(u) Scrapie.....	--	--	1,085,000	5	-1,085,000	--	--
(v) Swine health protection.....	3,352,957	84	3,220,000	84	+197,000	3,417,000	84
(w) Tuberculosis.....	3,963,192	37	3,453,000	37	+201,000	3,654,000	37
(x) Witchweed.....	4,912,414	76	4,857,000	75	+287,000	5,144,000	80
Total, Pest and disease management.....	152,068,350	2,276	169,727,246	2,340	(3) -10,758,246	158,969,000	2,191
4. Animal Care:							
(a) Animal welfare.....	5,795,366	150	7,464,000	155	+1,224,000	8,688,000	166
(b) Horse protection.....	132,637	4	159,000	4	+200,000	359,000	8
Total, Animal Care.....	5,928,003	154	7,623,000	159	(4) +1,424,000	9,047,000	174
5. Scientific and technical services:							
(a) AOC methods development.....	7,742,213	121	7,326,000	127	+437,000	7,763,000	127
(b) Biotechnology.....	4,078,124	47	4,685,000	50	+1,833,000	6,518,000	60
(c) Plant methods development laboratories.....	4,785,000	72	4,823,000	72	+676,000	5,499,000	75
(d) Veterinary biologics..	8,665,781	190	8,523,000	190	+984,000	9,507,000	190
(e) Veterinary diagnostics	12,475,876	185	12,201,000	176	+2,597,000	14,798,000	175
Total, Scientific and technical services.....	37,746,994	615	37,559,000	615	(5) +6,527,000	44,085,000	627
6. Contingencies:							
Plant and animal diseases and pests.c/.	4,169,276	--	5,008,955	--	(6) -508,955	4,500,000	--

PROJECT	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
Unobligated balance available, start-of-year.....	-4,378,822	--	-6,694,201	--	+6,694,201	--	--
Unobligated balance available, end-of-year.....	6,694,201	--	--	--	--	--	--
Unobligated balance lapsing.	908,806	--	--	--	--	--	--
Transfer from Commodity Credit Corporation.....	-6,200,000	--	--	--	--	--	--
Total, Available or estimate, appropriated.... funds.....	331,207,000	5,397	347,366,000	5,453	+20,584,000	367,950,000	5,523
7. Advances and reimbursements:							
(a) Pest and disease exclusion.....	18,186,576	21	18,603,576	21	--	18,603,576	21
(b) Pest and disease management.....	5,276,605	121	5,397,605	121	--	5,397,605	121
(c) Scientific & technical services.....	6,116,953	32	6,256,953	32	--	6,256,953	32
Total, Advances and reimbursements.....	29,580,134	174	30,258,134	174	--	30,258,134	174
Total, Available or estimate.....	360,787,134	5,571	377,624,134	5,627	+20,584,000	398,208,134	5,697
Receipts from Advances and reimbursements.....	-29,580,134	-174	-30,258,134	-174	--	-30,258,134	-174
Total, Available or estimate.....	331,207,724	5,397	347,366,000	5,453	+20,584,000	367,950,000	5,523

a/ FY 1990 animal damage control carryover available from the prior year is $689,106.

b/ FY 1989 unobligated grasshopper carryover available from the prior year is $3,863,466 and $5,000,000 from the no-year fund.

FY 1990 grasshopper carryover available from the prior year is $5,439,140 and $4,932,000 from the no-year fund.

c/ FY 1989 unobligated contingency fund carryover available from the prior year is $235,231.

FY 1990 contingency fund carryover from the prior year is $565,955.

EXPLANATION OF PROGRAM

The Animal and Plant Health Inspection Service (APHIS) was established on April 2, 1972, pursuant to the authority of the Reorganization Plan No. 2 of 1953.

APHIS conducts cooperative programs with State and local agencies and organizations to control, eradicate, and prevent the movement of plant and animal diseases and pests. Inspection and regulatory programs prevent the introduction into the United States of pests and diseases of foreign origin and the spread of those pests within the country. Under the Federal Noxious Weed Act of 1974, the Agency carries out survey, regulatory, and control actions to protect American agriculture from the invasion and interstate spread of noxious weeds. APHIS, under the Endangered Species Act, regulates the import and export of designated endangered plant species and ensures that cooperative Federal-State pest control programs which utilize pesticides will not adversely affect endangered species. Under the Virus-Serum-Toxin Act, APHIS carries out activities to prevent the production and distribution of worthless, contaminated, dangerous, or harmful veterinary biologics. Under the authority of the Animal Welfare Act, the Agency conducts activities to ensure that certain animals intended for use in research or for exhibition purposes are provided with humane care and treatment, to assure humane treatment of animals during transportation in commerce, and to prevent the sale or use of animals which have been stolen. APHIS, under the authority of the Horse Protection Act, works to prevent the interstate movement or exhibition of horses which have been "sored." Under the Swine Health Protection Act, the Agency conducts a Federal-State program to control the feeding of raw garbage to swine. APHIS, under the authority of the Animal Damage Control Act of 1931, researches and carries out cooperative programs to control wildlife-caused losses to agriculture, safety hazards at airports, and public nuisances in a variety of areas. APHIS, under authority of the Plant Pest Act, Plant Quarantine Act, and Virus-Serum-Toxin Act coordinates the development and implementation of the Department's regulation and evaluation of applications of a number of biotechnologically derived products for test permits and commercial licenses.

The appropriation "Salaries and Expenses" for APHIS funds the following activities:

1. Pest and disease exclusion programs -- APHIS carries out inspections at U.S. ports-of-entry to prevent the introduction of foreign plant and animal pests and diseases which are harmful to our country's agriculture. APHIS develops and conducts preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture. APHIS engages in cooperative programs to control pests of imminent concern to the United States and to strengthen foreign plant protection and quarantine organizations. APHIS also certifies plants and plant products for export and regulates imports and exports of designated endangered plant species. APHIS assists U.S. exporters and the Foreign Agricultural Service in revising foreign plant and animal import regulations to encourage and increase U.S. agricultural exports.

The statutory authority supporting this program is contained in 7 U.S.C. 148 and 150aa-150jj; 19 U.S.C. 1306; and 21 U.S.C. 102, 111-120, 121-123, 127, and 135-135b. The principal legislative authorities for these activities include the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; the Plant Quarantine Act of 1912; and the Mexican Border Act of 1942. The Department's enforcement responsibilities for endangered plants are contained in the Endangered Species Act of 1973. The Airport and Airways Development Act, P.L. 94-353, Section 15(c), was enacted July 12, 1976. The activities carried out in the pest and disease exclusion programs are as follows:

-- Africanized Honey Bee - Since its accidental release in Brazil in 1956, the Africanized honey bee (AHB) has been advancing toward the U.S. border. A relative to the European honey bee, the AHB is characterized by a defensive stinging behavior, a tendency to abscond or swarm frequently, and is more difficult and expensive to manage than its European counterpart. Upon its establishment in this country, the AHB could cost American agriculture approximately $1.2 billion per year in decreased crop

pollination and honey production. The goal of this program is to retard the northward migration of the AHB and to attempt to dampen its aggressive traits through genetic dilution.

-- Agricultural Quarantine Inspection - The purpose of the agricultural quarantine inspection (AQI) program is to protect the country from exotic pests and diseases by inspecting the increasing amount of cargo and international air and sea passengers at ports-of-entry, and cargo and people crossing the Mexican and Canadian borders. Each person or bag entering into this country could carry an exotic pest capable of causing a major outbreak. APHIS continues to implement innovative techniques such as X-ray machines and detector dogs to deal with the increasing workload. The increasing use of X-ray technology for passenger baggage has increased the efficiency in passenger inspections. Another important innovation, the continued use of detector dogs, increases the success rate of finding concealed regulated items in international airports to 80 percent.

-- Foot-and-Mouth Disease (FMD) - Darien Gap - The purpose of the Darien Gap FMD program is to prevent the disease in South America from entering Panama, Central America, Mexico, and the United States. The program is conducted in Colombia and Panama. Program methods include surveillance, inspection, quarantine, vaccination, and emergency preparedness. Estimates show that 15-year losses of more than $12 billion could occur if FMD were to re-enter the United States.

-- Import/Export

Import Animals - The purpose of the import animals program is to assure that all imported animals and animal germplasm are free of infectious diseases. Principal methods include: inspection, testing, and certification of imported animals, animal germplasm, zoos, means of conveyance, slaughter establishments, and ports-of-entry; quarantine of imported animals and animal germplasm; maintenance of animal import centers in Newburgh, New York; Miami, Florida; Honolulu, Hawaii; and Key West, Florida; authorization or operation of quarantine facilities for birds, horses, and sheep; and the interception of smuggled animals.

Export Animals - The export animals program implements activities designed to insure that all inspections of livestock, live poultry, and hatching eggs exported from the United States and certifications of freedom from contagious diseases are in compliance with U.S. Department of Agriculture (USDA) health agreements with importing countries. This function is vital to the protection and expansion of this country's animal export market, which currently is valued at over $400 million annually.

-- International Programs - International programs' objective is to protect and promote U.S. agriculture by maintaining an APHIS presence in foreign countries which are significant agricultural trading partners and may also be potential sources of economically-dangerous agricultural pests and diseases. The presence of APHIS personnel at overseas locations, either on permanent assignment or short-term detail, provides an effective first line of defense against the entry of foreign plant and animal diseases and pests into the United States. It also facilitates the export of U.S. agricultural products, and promotes the exchange of scientific and technical information on animal and plant health programs.

-- Mediterranean Fruit Fly - The objective of the Mediterranean fruit fly (Medfly) program is to prevent sustained infestations of this dangerous pest of fruits and vegetables from occurring in the continental United States, Virgin Islands, Puerto Rico, and north of the 16° N.latitude in Central America. The Medfly is one of the world's most destructive pests of fruits and vegetables and is found throughout Central America. The pest is capable of becoming established in fruit and vegetable growing regions in both Mexico and the continental United States. Approximately

80 percent of U.S. citrus production is susceptible to Medfly. The estimated potential annual loss to the California and Florida citrus industries attributable to an established Medfly infestation is almost $2 billion. The presence of Medfly in Mexico would pose a serious threat to the United States because of Mexico's neighboring location and because it is a major source of winter fruits and vegetables for the United States.

-- Mexican Fruit Fly - The Mexican fruit fly (Mexfly) is a serious pest of citrus and mangoes, and is native to most of Mexico and Central America. Infestations of this pest occur annually in the lower Rio Grande Valley of Texas. Other citrus growing States such as Arizona, California, and Florida are vulnerable to Mexfly infestations either by migration of these flies across the northwestern border with Mexico, or from infested fruit being shipped to or through these States.

Total citrus production in the United States was valued at approximately $2 billion for the 1986-1987 season. A sustained Mexfly infestation would result in severe losses to the Texas industry which is valued at approximately $100 million annually. Approximately one-third of Texas citrus production is shipped to California for consumption or export abroad, thus placing California at risk as well.

-- Screwworm - The goal of this program is to prevent the reintroduction of the parasitic screwworm (*Cochliomyia hominivorax*) into the United States by eradicating this insect in Mexico and Central America. In 1984, the insect was successfully eradicated to the Isthmus of Tehuantepec and it was felt that in the best interest of the United States, the barrier zone should be established in Panama rather than Mexico. In FY 1987, the Joint U.S.-Mexico Commission entered into negotiations with both Guatemala and Belize for the eradication of Screwworm in their countries. In order to reduce movement of infested cattle into the barrier zone, the active eradication zone was extended west and north to include the Yucatan Peninsula of Mexico.

The levels of pest and disease exclusion activities are shown by the selected examples that follow:

	1989 Actual	1990 Estimated	1991 Estimated
Africanized Honey Bee:			
Traps set	50,000	50,000	--
Swarms collected	25,000	25,000	--
Agricultural Inspection Service:			
Plant and animal product and byproduct inspection:			
Airplanes (thousands)	339	363	381
Vessels (thousands)	54	57	59
Plant units processed (millions)	318	325	331
Regulated and Miscellaneous cargo inspections conducted (thousands)	1,067	1,141	1,190
Phytosanitary export certification:			
Certificates issued (thousands)	182	184	188
Interceptions (thousands):			
Unauthorized plant material	1,394	1,430	1,472
Unauthorized animal products/ byproducts	181	184	188
Unauthorized material:			
Mail	10.7	12	13.1
Baggage	1,120	1,123	1,134

	1989 Actual	1990 Estimated	1991 Estimated
Foot-and-Mouth Disease (Darien Gap):			
Number of vesicular disease investigations in Panama and Columbia	87	80	75
Import-Export:			
Import inspection:			
Animal (thousands)	2,290	2,500	2,700
Personally owned pet birds	2,811	3,000	3,000
Commercial birds	368,000	400,000	400,000
Poultry (baby chick & poults) (thousands)	6,976	7,000	7,000
Poultry hatching eggs (thousands)	22,322	23,000	24,000
Export inspection:			
Cattle, swine, sheep, goats, and horses	831,022	900,000	900,000
Poultry (thousands)	43,610	45,000	46,000
Dozens of hatching eggs (thousands)	24,541	25,000	25,500
Bull Semen (thousands)	48,333	55,000	58,000
Bovine Embryos (thousands)	10,626	13,000	19,000
International programs:			
Number of exotic disease investigations in Mexico and Central American countries	259	250	250
Mediterranean fruit fly:			
Sterile insects released (California) (millions)	1,427	14,710	500
Sterile insects released (Hawaii) (millions)	--	--	700,000
Sterile insects released (Mexico and Central America) (millions)	27,200	24,000	30,000
Sterile insects produced (Guatemala) (millions)	10,100	5,300	16,800
Mexican fruit fly:			
Sterile insects released (millions)	874	1,040	1,040
Sterile insects released (Texas) (millions)	1,050	1,040	1,040
Screwworm:			
Cases in the United States	1	--	--
Cases in Mexican States bordering the United States	--	--	--
Sterile fly production--Tuxtla, Gutierrez, Mexico (millions - weekly)	250	100	100

2. Plant and animal health monitoring programs -- The plant and animal health monitoring programs are primarily cooperative efforts of the Federal and State governments, and industry. APHIS conducts programs to prevent communicable plant and animal diseases of foreign origin from entering the United States. Upon entrance into this country, the pests and diseases are rapidly diagnosed. The Agency also carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to set up pest or disease eradication programs.

The statutory authority for this work is contained in 7 U.S.C. 15, 17, 30, 54, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principle legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Act of June 17, 1930; Act of September 21, 1944; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; and Public Law 97-46 of September 25,

1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985.

-- Animal Disease Detection - The purpose of the animal disease detection program is to protect and monitor the health of the Nation's livestock and maintain the capability to rapidly eliminate outbreaks of foreign animal diseases should they occur. This is accomplished through diagnostic efforts, surveillance of domestic and foreign animal diseases, and by area surveys of domestic livestock conditions. The program is a cooperative effort of the Federal and State governments, and industry.

An important component of the program is the National Animal Health Monitoring System (NAHMS). This Federal-State-industry program collects descriptive data about the occurrence and costs of animal health events from a statistically determined sample of selected food animal producers. The data is analyzed to detect disease trends and associations between environmental and managerial factors and the occurrence and costs of domestic diseases. The information derived from NAHMS may be used by producers to improve health and production efficiency of livestock and poultry through a variety of approaches, including improved management practices, preventive measures, and treatments.

-- Pest Detection - The pest detection program has two main functions. The first function is to rapidly discover foreign plant pests, which reduces pest control costs and prevents widespread agricultural damage. The program's second function is to monitor the status of the Nation's endemic plant pests and provide information to support the certification of U.S. agricultural exports and management decisions.

APHIS works in cooperation with the 50 States in a project called the Cooperative Agricultural Pest Survey (CAPS). As part of this program, the States enter the results of plant pest surveys into a national database, the National Agricultural Pest Information System (NAPIS). Updated information entered by the States may be quickly retrieved by State Departments of Agriculture, universities, private industry, and extension offices. NAPIS data can support statements to foreign officials about the pest-free status of particular U.S. agricultural exports and also help determine the need for pest eradication action programs.

The levels of plant and animal health monitoring activities are shown by the selected examples that follow:

	1989 Actual	1990 Estimated	1991 Estimated
Animal disease detection:			
National Animal Health Monitoring System (NAHMS):			
Number of States participating...	13	19	25
Percent of U.S. livestock population covered:			
Dairy.....	46	64	80
Beef-cow/calf.....	22	28	50
Swine.....	51	70	75
Sheep.....	26	35	60
Reports generated.....	7,500	9,000	11,000
Total herds/flocks participating.	564	1,490	3,475
Exotic diseases and parasites:			
Investigation of suspicious cases	220	250	300
Confirmed primary outbreaks:			
Exotic Newcastle disease (VVND)	2	10	5

	1989 Actual	1990 Estimated	1991 Estimated
Plant pest detection:			
Number of pest records processed.	362,000	312,000	262,000
Survey methods documented.....	503	400	350
Special area-wide pest reporting projects.....	15	12	12
Pest maps developed.....	7	7	7

3. Pest and disease management programs -- In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. Interstate shipments of plants, livestock, and related materials are monitored and regulated to prevent the spread of disease and the distribution of impure, unsafe, and nonefficacious materials and products. Following the transfer of the Animal Damage Control (ADC) program from the U.S. Department of the Interior (USDI) in 1986, APHIS protects agriculture from detrimental animal predators through identification, demonstration, and application of the most appropriate methods of control.

The statutory authority for this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; the Animal Damage Control Act of 1931; Act of September 21, 1944; Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; P.L. 92-629 of January 3, 1975: the Swine Health Protection Act of October 17, 1980; Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; and P.L. 99-198 of December 23, 1985. The activities carried out are as follows:

-- Animal damage control - The ADC program was established in 1885 as the Bureau of Biological Survey under USDA. In 1939, the program was transferred to USDI, Fish and Wildlife Service. Pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985, ADC was again transferred, this time to be administered by APHIS. The ADC mission is to provide leadership in the science and practice of wildlife damage control in order to safeguard America's agricultural, industrial, and natural resources, and to protect public health and safety. Under the authority of the ADC Act of 1931, ADC conducts research and carries out cooperative programs to control wildlife-caused losses to agriculture, safety hazards at airports, and public nuisances in a variety of areas.

-- Animal health compliance and enforcement - The goal of this program is to monitor the health of the Nation's livestock and prevent the spread of communicable livestock diseases in interstate trade. Through the use of identification devices such as ear and backtags, infected and exposed animals are traced back to their farm of origin. Once the origin of the animals is determined, investigations are initiated where violations of interstate regulations are suspected. Regulatory enforcement is attained by monitoring the movement of livestock, maintaining a close liaison with practicing veterinarians, livestock dealers and other segments of the industry, and by prosecuting alleged violators.

-- Biocontrol - The objective of the program is to provide leadership and focus for the implementation of selected biological control agents against major plant pests. Program activities include the development, testing, and transfer to the private sector of new biological control techniques. APHIS works with the States, universities, and other Federal agencies in conducting biological control projects for agricultural pests of economic importance, including both insects and weeds.

-- Boll weevil - The boll weevil program consists of three regional control or eradication projects. The boll weevil projects are cooperative efforts in which cooperators pay 70 percent and APHIS pays 30 percent of the program costs.

- High Plains Control - The goal of this program, established in 1963, is to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the south and west.
- Southeast Eradication - The program has eradicated the boll weevil from Virginia, North Carolina, and 95 percent of South Carolina. Growers in the eradicated area report substantial economic benefits as a result of this program. Because of these successes, the program was expanded in 1987 to include Georgia, Alabama, and northern Florida. The eradication effort in the expanded areas will take about 4 years to complete.
- Southwest Eradication - The program is nearing completion in its original area and is proceeding rapidly in the expanded areas. The original eradication area which includes parts of southern California, western Arizona, and northern Mexico near the California border, was declared eradicated for boll weevil in 1987. The program was expanded in FY 1988 to include central Arizona and northern Mexico near the Arizona border.

-- Brucellosis - The objective of the State-Federal Cooperative Brucellosis Program is to eradicate *Brucella abortus* from the bovine and swine populations of the United States. Major program tools include surveillance, elimination of infected herds through depopulation, calfhood vaccination, and recordkeeping. Increased emphasis is being placed on depopulation as the most effective means of rapidly reducing the incidence of the disease.

-- Cattle ticks - The cattle tick program is a cooperative Federal-State effort designed to protect the livestock industry from losses due to bovine piroplasmosis, also known as cattle tick fever. A barrier zone in Texas prevents re-establishment of the cattle fever tick (*Boophilus annulatus*) and tropical cattle tick (*Boophilus microplus*) in the United States, while an eradication program for these ticks and the tropical bont tick (*Amblyomma variegatum*) is underway in Puerto Rico.

-- Citrus canker - Citrus canker is a bacterial plant disease which attacks the leaves, twigs, and fruit of many varieties of citrus. In areas of the world where the disease has become established, it has caused severe losses (early fruit drop, fruit decay, unmarketable fruit) as a result of damage to fruit. In 1986, infestations of the more serious Asiatic ("A")-strain of citrus canker were detected in Manatee County, Florida. This led to significant concern regarding potential damage from the disease. The APHIS Citrus Canker Committee met in 1989. According to their study, benefit-cost ratios indicated that it is economically beneficial for APHIS to supplement Florida's eradication program of the A-strain.

-- Golden Nematode - In order to eliminate golden nematode from the State of New York and to prevent the spread of the nematode to other potato producing States, APHIS cooperates with the New York State Department of Agriculture, the Agricultural Research Service, the Extension Service, Cornell University, and the New York Seed Improvement Cooperative. The program enforces regulations and sanitary requirements, develops new resistant potato varieties, and encourages grower acceptance of existing resistant varieties.

-- Grasshopper and Mormon cricket - The goal of the APHIS grasshopper program is to prevent this pest from causing significant damage to U.S. rangeland and cropland. This is accomplished by treating Federal, State, and privately owned rangeland with chemical or biological control agents. Cropland may also be treated in circumstances where parcels of cropland are inseparable from adjoining rangeland. Since 1934, USDA has worked with the States and

local ranchers to provide survey support and technical assistance to limit population buildups and prevent migration from rangeland to cropland. In past years, supplemental funds and a special no-year fund have been used to finance outbreak control activities.

APHIS began the grasshopper Integrated Pest Management project in FY 1987. The project is designed to find long-term, environmentally acceptable solutions to the problem of grasshopper infestations. The goal is to develop working models that address several questions: where grasshopper outbreaks will take place, the economic significance of such outbreaks, the most appropriate control strategies to be employed, and the economic and environmental consequences of recommended control actions.

-- Gypsy moth - The purpose of the gypsy moth program is to prevent the artificial spread of the pest from generally infested areas in New England, Mid-Atlantic States and parts of Michigan and West Virginia, and to prevent isolated infestations of 640 acres or less on non-Federal lands. This is accomplished by regulating the movement of outdoor household articles from generally infested areas, providing technical support in the eradication of isolated infestations, and cooperating with the States in detection surveys.

-- Honeybee pest - The approach of Africanized honeybees, the Varroa mite outbreak in FY 1988, and the honeybee tracheal mite outbreak in FY 1984 caused serious concern about protection for the honeybee industry. Up until FY 1988, States regulated the honeybee industry; however, after meeting with the honeybee industry in FY 1988 the States requested assistance in establishing more uniform regulatory efforts against exotic pests.

-- Imported fire ant - Since its introduction into the United States in 1918, the imported fire ant (IFA) has spread to 11 Southern States and Puerto Rico. In the late 1950's, the Department began working with the infested States to control IFA. At that time, the Department imposed a Federal quarantine and developed a cooperative control program designed to limit the ant's spread. The progress of the control program was hampered, however, when the Environmental Protection Agency (EPA) cancelled the registration of the insecticide Mirex in 1977. Since that time, EPA has not registered another product approved for widespread use on agricultural land. APHIS conducts large scale field trials and works with industry and other government agencies to evaluate promising control agents. APHIS is currently working to update the Environmental Impact Statement for IFA to include new products so that participation in cooperative control programs on eligible land would be possible if requested.

-- Miscellaneous plant and animal diseases - APHIS responds to numerous reports of new plant pest species in the United States each year. The miscellaneous plant pest program provides the mechanisms for response to those pests, including delimiting surveys, control or eradication treatments, and restricting the movement of commodities which could spread the pest. The miscellaneous animal diseases program encompasses several diseases and parasites of livestock that are not covered by an individual budget line item. Primary attention in recent years has been devoted to scrapie, bluetongue, and several equine diseases.

-- National Poultry Improvement Plan - The National Poultry Improvement Plan (NPIP) is a voluntary State-Federal cooperative program to improve poultry and poultry products by controlling certain egg-transmitted and hatchery-disseminated diseases. Under NPIP, breeding flocks and hatcheries are classified as being clean of specific poultry diseases, thereby enabling producers to purchase stock that are tested clean of these diseases. APHIS provides support in the form of program coordination; laboratory support; biennial regional and national conferences; and publication of provisions, lists of participants, and statistical reports.

-- Noxious weeds - The Agency is authorized by the Federal Noxious Weeds Act of 1974, to carry out a program that works with State and local agencies to detect and prevent newly found or not yet widely established weeds from damaging U.S. agriculture. The noxious weeds program includes inspections at ports-of-entry, surveys to determine the scope of infestations, eradication feasibility studies, and eradication projects.

-- Pink bollworm - The purpose of the pink bollworm program is to prevent pink bollworm from spreading to noninfested areas. APHIS works with State agencies, grower organizations, and cotton producers to meet that goal. The pest is fairly widespread in the Cotton Belt from southern California through Texas, with limited areas of infestation occurring in Arkansas and Louisiana. Work includes quarantine enforcement, trapping, methods development, and operating a sterile-moth rearing facility. The pink bollworm is a serious pest of cotton but can propagate on many other plant species in the United States.

-- Poultry diseases - The purpose of the poultry diseases program is to protect the Nation's $13 billion poultry industry from losses due to highly infectious diseases such as exotic Newcastle disease (VVND), avian influenza, *Salmonella enteritidis*, and chlamydiosis (psittacosis-ornithosis). Program methods include quarantine and observation of all avian species entering the United States, surveillance, research, diagnostic testing of samples, and tracing the source and movement of disease when found.

-- Pseudorabies - APHIS participates in a cooperative Federal-State-industry program to eradicate pseudorabies, a herpes virus causing reproductive problems including abortion and stillborn death in neonatal pigs. The program began in January 1989, and will require an estimated 10 years to complete. APHIS provides national program coordination, technical advice, regulatory assistance, public information, and recordkeeping. In FY 1989, 30 States received direct support from APHIS for programs to eradicate or control pseudorabies. All States are expected to be actively involved in pseudorabies eradication by the end of FY 1990.

-- Swine health protection - APHIS cooperates with the States to protect the Nation's $10 billion swine industry from the introduction of such harmful foreign diseases as hog cholera, African swine fever, and foot-and-mouth disease. States may enforce their laws and regulations in lieu of Federal regulations provided they are at least equivalent to the Federal requirements. The State must adequately enforce such laws and requirements, and maintain records and reports of enforcement activities. Otherwise, APHIS must assume a primary enforcement role.

Program activities include searching for illegal garbage feeders, and surveying for African swine fever and hog cholera by testing swine slaughter serum samples from high risk areas. The primary activity in States where garbage feeding is allowed is the enforcement of regulations requiring the heat treatment of garbage, to kill harmful organisms prior to being fed to swine.

-- Tuberculosis - The goal of this program is the eradication of bovine tuberculosis (TB) from domestic livestock. Primary program tools include the traceback and testing of herds from which infected animals were identified at slaughter, testing of suspect cattle to identify positive cases, and full epidemiological investigation to identify sources of infection and possible exposure to other herds. Restrictions are placed on the interstate movement of cattle that are reactors, exposed, or suspects. Limited indemnities are provided to owners of TB-infected animals destroyed in connection with the program.

-- Witchweed - APHIS cooperates with State and local governments, industry groups, and farmers to control witchweed and prevent its spread. The program includes survey, regulatory, eradication, and suppression activities.

Witchweed is a parasitic plant that attacks corn, sorghum, sugarcane, rice, and more than 60 different species of the grass family. Witchweed kills its host by robbing it of water and nutrients, thus preventing the crop from growing and producing grain. One plant can produce 500,000 microscopic size seeds which can remain alive in soil for more than a decade.

The levels of pest and disease management activity are shown by the selected examples that follow:

	1989 Actual	1990 Estimated	1991 Estimated
ADC Operations:			
Number of livestock protected:			
Sheep and goats	7,850,000	8,085,706	8,242,710
Cattle	10,799,326	11,021,336	11,235,343
Crop acres protected:			
Small grains	671,354	691,495	704,922
Sunflowers	243,150	250,445	255,308
Fruit and nut orchards	135,489	139,554	142,264
Hay, alfalfa, and pasture	275,698	283,969	289,483
Citrus	36,000	37,080	37,800
Corn	45,989	47,369	48,289
Soybeans	17,583	17,110	17,462
Vineyards	115,412	118,474	121,182
Range and forest acres protected:			
Range	8,420,000	8,672,600	8,841,000
Forest	1,121,650	1,155,300	1,177,733
Health and safety accomplishments:			
Airports (prevent bird strikes)	311	313	314
Rabies projects	38	39	40
Plague surveillance projects	285	294	300
Number of requests for assistance:			
Agriculture	54,008	55,552	56,581
Urban interests	7,089	7,189	7,256
Human health and safety	17,837	18,298	18,605
Industrial facilities	915	927	935
Natural resources	613	622	628
Animal Health Compliance and Enforcement:			
Inspections conducted at livestock markets and other concentration points	16,899	16,662	12,996
Inspections conducted at slaughter establishments	4,902	4,833	3,770
Biocontrol:			
Parasites released (thousands):			
Corn Borer	--	40	50
Aphid Biocontrol (RWA)	540	600	700
Colorado potato beetle	110	100	100
Diffuse and spotted knapweed	6,000	6,000	6,000
Leafy spurge	31	35	50
Boll Weevil:			
Cumulative acres treated (thousands)			
High Plains	350	550	650
SE eradication	4,588	2,800	520
SW eradication:			
Expanded eradication zone	500	190	20
Eradicated zone	--	--	--

	1989 Actual	1990 Estimated	1991 Estimated
Brucellosis:			
Class Free status States.....	29	31	33
Class Free and A status States.....	--	--	--
Class A status States.....	18	18	18
Class B status States.....	6	4	2
Class B and C status States.....	--	--	--
Class C status States.....	--	--	--
Total number of quarantined herds at end of year.....	1,411	1,283	1,026
Swine:			
Percentage of eligible slaughter swine sampled.....	67	35	30
States with zero infection.....	34	38	44
Cattle Ticks:			
Infested premises under treatment outside of quarantine zone at end of FY--Texas.....	2	4	4
Infested premises under treatment inside quarantine zone at end of FY--Texas.....	14	16	16
Premises freed of ticks (cumulative) Puerto Rico.....	41,300	50,100	11,000
Grasshopper and Mormon Cricket:			
Cumulative acres treated (thousands).....	107	2,000	--
Gypsy Moth:			
Cumulative acres treated (thousands).....	12	8	8
Imported Fire Ant:			
Cumulative acres treated (thousands).....	--	--	--
Miscellaneous Plant and Animal Diseases:			
Scrapie:			
Number of infected flocks found...	77	45	80
Number of exposed flocks under surveillance.....	290	172	310
National Poultry Improvement Plan:			
Number of States classified as U.S. Pullorum Typhoid Clean.....	38	42	48
Number of egg and meat-type breeding flocks in Plan.....	3,984	4,000	4,100
Number of water fowl, exhibition poultry and game bird breeding flocks in Plan.....	2,853	2,900	3,000
Number of States classified as U.S. Mycophasma Gallisepticum Clean (turkey).....	10	12	14
Pink Bollworm:			
Sterile insects released (millions).....	820	820	820
Pseudorabies:			
States included in the National pseudorabies eradication program.....	34	50	50
Known infected herds.....	6,567	8,000	9,000
Market/Slaughter surveillance.....	417,884	300,000	300,000
Swine Health Protection:			
Number of garbage inspections.....	47,333	47,500	48,000
Number of violations of the SHP Act	750	750	800

	1989 Actual	1990 Estimated	1991 Estimated
Tuberculosis:			
States accredited free.....	41	42	43
Herds located.....	15	8	6
Herds depopulated (per year).....	13	--	--
Witchweed:			
Total acres released from quarantine.....	12,500	14,000	15,000

4. Animal care programs -- APHIS carries out activities designed to ensure the humane care and handling of animals used in research, exhibition, or the wholesale pet trade. The Agency is also responsible for administering the Horse Protection Act, which prohibits the showing, selling, or exhibition of sored horses.

The statutory authority for this work is contained in the Animal Welfare Act of 1966 and its subsequent amendments; and the Horse Protection Act of 1970. The activities carried out are as follows:

-- Animal Welfare - Under the Animal Welfare Act, APHIS is responsible for ensuring the humane care and treatment of warm blooded animals used for research or exhibition, or wholesaled as pets. Also, APHIS is responsible for ensuring the humane care of regulated animals when transported in interstate and intrastate commerce. Methods used to conduct the program are investigation of complaints, inspection of all facilities covered under the Act, and training of inspectors.

-- Horse Protection - APHIS is responsible for the enforcement of the Horse Protection Act of 1970. The Act prohibits the showing or selling of sored horses. Soring is the practice of causing a horse to improve its gait by the application or use of chemicals, cuts, burns, tacks, irritating devices, or overwork. Compliance efforts include APHIS inspections at horse shows and a form of industry self-regulation, the Designated Qualified Person program.

The levels of animal care activity are shown by the selected examples that follow:

	1989 Actual	1990 Estimated	1991 Estimated
Animal Welfare:			
Complaints investigated and resolved.....	962	1,050	1,175
Number of inspections conducted at licensees and/or registrants....	11,056	15,000	18,750
Number of inspections conducted at air terminals.....	771	2,750	3,400
Number of violations processed....	495	575	700
Horse Protection:			
Staff days and/or nights of inspecting or monitoring horse shows and sales.....	270	275	570

5. Scientific and technical services -- APHIS develops methods to control animals and pests that are detrimental to agriculture, other wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. In addition, it supports the APHIS biotechnology program by ensuring that the veterinary biologicals developed for combatting disease are

potent, safe, and pure. It also provides and directs technology development in coordination with other groups in APHIS to support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

The statutory authority supporting this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. The principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; Act of September 21, 1944; the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; the Virus-Serum-Toxin Act of March 14, 1913; and the ADC Act of 1931.

-- ADC Methods Development - The ADC program was transferred to APHIS on December 29, 1985, pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985. From 1939 until its transfer to APHIS, the program was located in the U.S. Department of the Interior (USDI), within the Fish and Wildlife Service (FWS). The basic program mission is to protect American agriculture and other resources through identification, demonstration, and application of the best methods of controlling wild and free ranging animals that are detrimental to agriculture, other wildlife, and public safety. In support of this mission, research and development of control techniques and devices for the operations program is provided by the program at the Denver Wildlife Research Center. The program conducts research to maintain current pesticide registrations with the EPA for products such as strychnine and compound 1080. Additionally, new or improved control tools such as soft traps and electroshock techniques are researched. Other methods investigated include behavior modification and taste aversion.

-- Biotechnology - In FY 1987, APHIS laid the foundation for this program by becoming the first Federal Agency to implement final regulations under the "coordinated framework for the regulation of biotechnology." This policy was established by the President's Office of Science and Technology to develop a government-wide regulatory framework for the biotechnology industry. APHIS, under its regulatory authority, approves applications from the biotechnology industry for field trials to test a wide variety of plants and micro-organisms. Additionally, the Agency licenses genetically engineered biological products. APHIS works through appropriate diplomatic channels to promote internationally consistent regulations for the field testing, movement, and importation of biotechnologically derived products.

-- Plant methods development laboratories - The Agency conducts activities aimed at developing new methods for the control or eradication of various harmful plants and plant pests. Methods under study range from the simple hot water treatment of imported fruits to identifying natural enemies of pests. One goal of the program, is to develop methods that could lead to reduced use of chemicals for the control of pests. The program conducts field trials, under controlled conditions, of promising new methods or control tools.

-- Veterinary biologics - The goal of this program is to prevent the production and distribution of biological products that are ineffective, impure, unsafe, and impotent. Program activities include the licensing of all products, inspection of licensed facilities, and testing of a statistically based sampling of licensed products. Biological products produced for distribution and sale both inter-state and intra-state come under the purview of this program.

-- Veterinary diagnostics - The Agency maintains a diagnostic program for various diseases which threaten livestock, poultry, and related industries of the United States. This program consists of diagnostic laboratory activities which include diagnostic assistance to the livestock and poultry industries as well as to the States. The Agency has facilities located at Ames, Iowa, and Plum Island, New York. Services include differential diagnosis, blood and tissue examination, culture analysis, toxicological testing, and reference antigen production. The program also provides training in domestic and foreign animal disease diagnosis.

The levels of scientific and technical services activity are shown by the selected examples that follow:

	1989 Actual	1990 Estimated	1991 Estimated
Plant Methods Development:			
Field trials conducted on new Mexfly traps and lures	7	8	8
Quality assurance sampling sites for witchweed	38	65	80
Species of biocontrol organisms evaluated	11	13	16
Imported fire ant regulatory control field tests	39	51	64
Noxious weeds regulatory treatment investigations	5	20	25
Agency responded to the following number of requests for assistance:			
Witchweed	460	600	700
Biocontrol	45	50	60
Noxious Weeds	45	60	60
Veterinary Biologics:			
Number of serials processed	11,592	12,000	12,000
Percent of serials tested for:			
Potency	14.84	16	16
Purity	7.51	10	10
Sterility	7.76	10	10
Safety	0.04	1	1
Chemistry	0.47	1	1
Number of inspections:			
In-depth	44	44	48
Follow-up	11	12	16
Special	27	27	31
Veterinary Diagnostics:			
Number of import-export health requirement tests conducted at National Veterinary Service Laboratories (NVSL)	140,000	145,000	145,000
Number of import-export health requirement tests conducted at Foreign Animal Diseases Diagnostic Laboratories (FADDL)	21,000	22,000	22,000
Number of fraudulent blood screening tests conducted	386,000	380,000	380,000
Number of diagnostic tests conducted at NVSL	350,000	355,000	355,000
Volume of reagents shipped (ml):			
Shipped by NVSL	3,100,000	3,200,000	3,200,000
Shipped by FADDL	200,000	200,000	200,000
Number of days of training provided:			
International students	558	600	600
Domestic students	533	600	600

GAO AUDITS

Report No.	Title	Date Issued
HRD-88-89	Federal Costs for care of the Silver Spring Monkeys	6/30/88

OIG AUDITS

Report No.	Title	Date Issued
33003-1-HY	Quarantine Controls over Contaminated Herds	12/22/88
33003-1-CH	Llama Importation Activities	9/15/89

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of $12,847,000 for pest and disease exclusion activities, consisting of:

(a) An increase of $3,115,000 for the 1989 pay raise and $1,038,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) A decrease of $1,916,000 to eliminate the Africanized honey bee program ($1,916,000 available in FY 1990).

Need for Change. The Africanized honey bee (AHB) program's original goal was to stop the northward migration of AHB at the Isthmus of Tehuantepec in southern Mexico. Realizing that impeding the AHB migration to the United States would not be possible, an alternate objective was adopted to retard the northward migration of the bee and to develop techniques to manage the European honeybee in an Africanized area. The AHB is currently established north of the Isthmus of Tehuantepec where most of the cooperative program's activities are conducted. Recently, AHB has also been detected within 265 miles of the Texas-Mexico border. Since it has been determined that the AHB will arrive in the United States sometime in FY 1991, further funding is not needed for an international based program.

Nature of Change. Scientists and APHIS personnel have begun developing and testing technologies and strategies to mitigate the impact of AHB upon its arrival in the United States. In FY 1990, APHIS will improve its capability to provide adequate protection to the honey bee industry from various pests, including AHB, through the honey bee pest program.

(c) An increase of $7,403,000 for the agricultural quarantine inspection program ($64,615,000 available in FY 1990).

Need for Change. The agricultural quarantine inspection (AQI) program is the Nation's major defense in preventing agricultural pests and diseases from entering into the United States. The program's workload continues to increase as the volume of cargo and amount of international air and sea passenger traffic increase, 34 million passengers in FY 1989 versus 33 million in FY 1988. In addition, approximately 54 million automobiles entered in the U.S. this year from Mexico and Canada with the potential of introducing pests, an increase of approximately 1 million in 1 year. The program needs to increase the level of quarantine activities to meet

this growing international trade and travel. The future of the Nation's largest industry, agriculture, with assets totalling approximately $965 billion, relies largely on the effectiveness of the AQI program. The program needs increased funding to be completely effective in protecting U.S. agriculture.

Nature of Change. With increased funding, APHIS can further implement the new and more efficient methods and systems recommended in the Blue Ribbon Panel Report. APHIS will increase staffing at high-risk ports-of-entry and expand the usage of detector dogs and X-ray machines. Automation will continue in several facets of the program. Examples are, the expansion of the pest information network (PINET) system and the continued implementation of the Automated Commercial System. Implementation of the EXCERPT System for export certification will also continue as planned.

(d) An increase of $851,000 for the foot-and-mouth disease program ($3,011,000 available in FY 1990).

Need for Change. Since 1974, APHIS has conducted a cooperative vaccination and control program in Colombia and Panama designed to prevent foot-and-mouth disease (FMD) from entering Panama, Central America, Mexico, and the United States from South America. APHIS also maintains exotic disease prevention programs in Mexico and the Central American nations. Also, APHIS has relied on intermittent reports from the Pan-American Health Organization (PAHO), which is coordinating the hemispheric FMD eradication program, to provide information on major diseases or current outbreaks in Latin America. However, the Agency needs to gather current information on FMD and other exotic animal diseases in a more timely manner and provide more direct support to the PAHO eradication effort.

Nature of Change. In FY 1991, APHIS will consolidate its efforts in the Darien Gap and in Mexico and Central America under FMD and Other Exotic Animal Diseases. In the past, the FMD program in Mexico and Central America were funded in the International Services Animal Health-line item. APHIS will also establish a veterinary liaison position in Rio de Janeiro, Brazil, to support the initiatives of PAHO. The veterinary liaison person would actively participate in PAHO's hemispheric FMD eradication program and would maintain contact with people who have knowledge of local FMD and other disease situations. This position is designed to directly support the efforts of PAHO to eradicate FMD, and coordinate U.S. technical cooperation and orientation to the eradication program. The APHIS representative will work directly with PAHO on an ongoing basis, which will enable the Agency to track major diseases and vectors faster, and prevent FMD exposure to the United States.

(e) An increase of $144,000 for the Import-Export program ($8,486,000 available in FY 1990).

Need for Change. The program anticipates higher costs in FY 1991 due to increases in the cost of program supplies and materials such as testing supplies, coveralls, boots, and animal feed.

Nature of Change. The additional funds will offset the impact of recent increases in the cost of key items, thus enabling the program to maintain activities at the current level.

(f) An increase of $96,000 for International Programs ($4,238,000 available in FY 1990).

Need for Change. The program anticipates higher costs in FY 1991 due to increases in the cost of program inputs such as rent, communications, supplies, and travel.

Nature of Change. The additional funds will offset the impact of recent increases in the cost of key items, thus enabling the program to maintain activities at the current level.

(g) An increase of $490,000 for the Mediterranean fruit fly program ($9,729,000 available in FY 1990).

Need for Change. The objective of APHIS' Mediterranean fruit fly (Medfly) program is to prevent sustained infestations of this dangerous pest of fruits and vegetables from occurring in the continental United States, Puerto Rico, the U.S. Virgin Islands, and north of the 16° parallel in Mexico and Guatemala. In FY 1989, California suffered a multitude of Medfly infestations. Hawaii is currently infested with Medflies and is considered a possible source of infiltration. APHIS has constructed a sterile fruit fly rearing facility in Waimanalo, Hawaii, operation of which is expected to commence in FY 1990.

Nature of Change. APHIS would operate the Waimanalo, Hawaii, sterile fruit fly rearing facility at sufficient capacity to support research and eradication projects. This increase would provide partial funding for the facility's operation. The facility would produce 50 million sterile flies per week for test eradication efforts on Kauai and for use in emergency outbreaks.

(h) An increase of $170,000 for the Mexican fruit fly program ($1,504,000 available in FY 1990).

Need for Change. The Mexican fruit fly (Mexfly) is native to most of Mexico and Central America and affects fruits such as citrus and mangoes. Infestations of this pest occur annually in the lower Rio Grande Valley of Texas and makes other citrus growing States, including Arizona, California, Florida, Louisiana, and New Mexico, vulnerable to infestations.

APHIS works in close cooperation with Mexico to prevent infiltration of Mexfly into the United States. Infiltration could occur by flies migrating across the border or from infested fruit shipped to or through California and Arizona. Partial funding for this effort was provided in FY 1989, however more funding is needed to assist in reducing populations in certain production areas of Mexico considered potential sources of infestation.

Nature of Change. APHIS will increase its survey and control activities in Mexico, requiring an increase in the number of sterile flies produced at the Mission, Texas, facility.

(i) An increase of $1,456,000 for the Screwworm program ($31,607,000 available in FY 1990).

Need for change. Most of the funds for this program are spent in Mexico, a country whose economic stability has been declining over the past five years. Since Fiscal Year 1985, funding for this program has decreased by $5.6 million, nearly 14 percent, while the cost of doing business in Mexico has sky rocketed. Inflation has been as high as 200 percent in December 1987 and is now hovering at

an average of 17 percent. However, in the case of the Screwworm program some costs are increasing even more than the national average. Air operations and electricity, which comprise more than 25 percent of the costs, recently increased by 40 percent.

Nature of Change. This increase will enable the screwworm program to partially cover increased program costs, such as airplane rental.

(2) A net increase of $4,359,000 for plant and animal health monitoring activities, consisting of:

(a) An increase of $263,000 for the 1989 pay raise and $87,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $3,683,000 for the animal disease detection program ($5,320,000 available in FY 1990).

Need for Change. In recent years APHIS has relied heavily on the inspection of animals in transit or at slaughter to intercept and eliminate animal diseases of economic importance such as brucellosis, tuberculosis, and others. In view of the substantial progress toward eliminating or reducing infection levels of these diseases and the emergence of other concerns, a rethinking of the Agency's disease prevention strategy is in order. The public, in both the United States and in export markets, is demanding a safe, wholesome food supply free from violative residues and bacterial contamination. Producers, in addition, face economic losses from noninfectious, chronic, subclinical, environmental, genetic, and management-induced diseases. Production practices and disease prevention strategies for use at the farm level must be developed which are consistent with the needs of consumers and producers. In order for this to occur, APHIS must assemble the necessary technical expertise to establish scientific credibility and develop the appropriate information on the occurrence and economics of animal health events. This shift from a reactive to a proactive approach is needed to effectively address the growing public concerns over food safety and quality.

Nature of Change. The National Animal Health Monitoring System (NAHMS), a key information gathering network established by APHIS to collect, evaluate, and disseminate critical and reliable information on animal disease problems and their costs to a broad base of potential users, would be significantly expanded to allow establishment of a National Center for Epidemiology and Animal Health (NCEAH). This would be accomplished by adding to the program teams of multidisciplinary experts in epidemiology, economics, and statistics, and by expanding and/or initiating projects designed to acquire and assess the information necessary to respond to producer and public needs. In FY 1990, 19 States will be participating in the program with at least eight more expected to join in FY 1991. A National swine survey and a field test of a National dairy study have begun in FY 1990. Monitoring of swine health and productivity will continue into FY 1991 involving 1,400 herds in 18 states. The National dairy study will begin in the spring of FY 1991 in 25 to 28 States with 1,500 to 2,500 herds participating. Monitoring of beef and poultry operations will be field tested in FY 1991, as new species are added to the aggregate NAHMS survey.

(c) An increase of $326,000 for the pest detection program ($3,717,000 available in FY 1990).

Need for change. The pest detection program is designed to monitor the spread of endemic and foreign plant pests and diseases. APHIS maintains a computer database, the National Agricultural Pest Information System (NAPIS), which collects information from cooperators in the 50 States on plant pests and pathogens. Approximately half of the program's funds go to the States to enhance their survey programs and database management systems. Information collected in NAPIS is available to the States, universities, industry, and farmers to develop pest control strategies. Additionally, the program carries out field surveys of various agricultural pests and diseases. As a result of pathway studies carried out by APHIS in 1988, less costly monitoring methods are now available for 13 exotic pests being tracked by the program.

Nature of change. The increase in funding will provide increased international cooperative surveys for a variety of targeted pests such as the khapra beetle, oriental fruit fly, karnal bunt, members of the Anastrepha complex, mango seed weevil, certain diseases of citrus, and the golden nematode. APHIS will also increase the intensity of surveys in certain geographical areas, primarily within Central America and the Caribbean.

(3) A net decrease of $4,630,000 for pest and disease management programs, consisting of:

(a) An increase of $3,235,000 for the 1989 pay raise and $1,079,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $1,386,000 for animal damage control operations ($22,081,000 available in FY 1990).

Need for Change. The Animal Damage Control (ADC) mission is to provide leadership in the science and practice of wildlife damage control in order to protect America's agricultural, industrial, and natural resources, and to safeguard public health and safety. Increasing requests from States, local governments, and private entities for new wildlife damage programs are placing demands on ADC for additional supplies, materials, and equipment. In addition to meeting the demands for new programs and new technology, the costs of maintaining current operational program are increasing.

Nature of Change. Funds would be used to support increased operating costs due to increasing environmental sensitivity and increased personnel costs. In addition, funds would be used to begin a planned program for replacement, training, and development of personnel in order to maintain a cadre of professional managers and biologists necessary to meet the increasingly complex problems of wildlife damage management.

(c) A decrease of $2,591,000 for the animal health compliance and enforcement program ($14,493,000 available in FY 1990).

Need for Change. Program emphasis is changing from reactive to proactive, with increased emphasis on animal health and productivity monitoring and a reduced focus on inspections. Progress towards eradication of brucellosis and tuberculosis creates a climate where such change is possible.

Nature of Change. Inspections of slaughter establishments will be reduced in frequency, but will be maintained at levels adequate to

safeguard the Nation's animal health, particularly in areas free of disease.

(d) An increase of $1,625,000 for the biocontrol program ($5,482,000 available in FY 1990).

Need for Change. APHIS has made significant contributions to the acquisition, production, and distribution of biological control agents. Such efforts are saving the nation's farmers millions of dollars through reduced pesticide usage. The APHIS biological control program is an important and integral part of State/Federal cooperative efforts in the distribution of biological agents for cereal leaf beetle, alfalfa weevil, Mexican bean beetle, citrus blackfly, citrus whitefly, Colorado potato beetle, Russian wheat aphid (RWA), diffuse and spotted knapweed, and leafy spurge. RWA was funded as a separate line item in FY 1990. There is a need to increase or expand these programs because of public environmental concerns such as water quality, increasing pest resistance to pesticides, and the loss of chemicals because of carcinogenic concerns and costs incurred by the re-registration process. The use of biological control techniques will help assure the continued competitiveness of American agricultural products in world markets.

Nature of Change. APHIS will assist State cooperators in rearing, field collecting, and redistributing natural enemies for the RWA and leafy spurge in the Western United States. The Agency would also be able to expand the current program by developing and testing additional biological control agents. The Agency would expand initial steps towards completing the development and staffing of a National Biological Control Service Institute (NBCSI). The Institute provides a central focus to promote and expedite biological control and provide such service components as foreign collection, quarantine screening, documentation, technology transfer, and operational support.

(e) A decrease of $3,168,000 for the boll weevil control program ($12,841,000 available in FY 1990).

Need for Change. The boll weevil activity consists of three cooperative programs: the High Plains control program, the Southeast eradication program and the Southwest eradication program. The goal of the High Plains program is to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the South and West. APHIS began this program in 1963 in the Presidio Valley and Texas High Plains. The Southeast eradication program has eradicated the boll weevil from Virginia, North Carolina, and 95 percent of South Carolina. Growers in the eradicated areas report substantial benefits as a result of this program. Because of these successes, the program was expanded to include Georgia, Alabama, and Florida. The 4-year eradication project in Georgia, Alabama, and northern Florida is nearing completion and will move to the maintenance stage. In the Southwest, the original eradication area, which includes parts of southern California, western Arizona, and northern Mexico near the California border, was declared eradicated for boll weevil in 1987.

This program was expanded in FY 1988 to include central Arizona and northern Mexico near the Arizona border, and is now proceeding rapidly.

Nature of Change. APHIS will continue the boll weevil program in the Southeast and Southwest eradication programs, but with reduced funding. During 1989, the Southeast Boll Weevil Foundation experienced financial difficulties in part due to increased

infestations as a result of a warm winter and frequent rains during the pesticide applications season. As a result, an emergency was declared, and USDA funds helped the Foundation to continue operations. Efforts are being made to put the program on a sound financial basis. The temporary increase in the Federal costs of the Southeast boll weevil program in 1990 is not expected to continue in 1991. Funding for the Texas High Plains will continue at the current level. APHIS provides 30 percent of the necessary funds for these programs with the cooperators providing the balance.

(f) An increase of $1,103,000 for the brucellosis program ($61,927,000 available in FY 1990).

Need for Change. The program anticipates higher costs in FY 1991 due to increases in the cost of program supplies and materials such as test kits, reagents, coveralls, and boots. Also, due to having made no vehicle purchases in 1988 or 1989, a significant portion of the Veterinary Services vehicle fleet is in unsafe condition and should be replaced. A recent survey revealed that at the beginning of FY 1990, 40 percent of the Agency's vehicles were eligible for replacement due to age and/or mileage considerations.

Nature of Change. The additional funds will offset the impact of recent increases in the cost of key items, thus enabling the program to maintain activities at the current level. In addition, a program of selective vehicle replacements will be initiated.

(g) A decrease of $1,870,000 for the cattle tick program ($6,172,000 available in FY 1990).

Need for Change. APHIS participates in cooperative cattle tick eradication programs in Texas and the Commonwealth of Puerto Rico. The Puerto Rico program, initiated in 1979, receives the majority of its funding from a Food and Nutrition Service (FNS) block grant of approximately $10 million per year. In FY 1991, the FNS block grant will be transferred to the Department of Health and Human Services. APHIS activities in connection with the Puerto Rico program will cease in FY 1991.

Nature of Change. APHIS will no longer provide funding to cover the cost of Federal supervisory personnel, equipment, pesticides, gasoline, and vehicle maintenance in connection with the Puerto Rico program. The Texas program will continue at the present level.

(h) An increase of $1,264,000 to establish the citrus canker program ($0 available in FY 1990).

Need for Change. This disease attacks a wide variety of citrus, and can cause severe losses as a result of damage to fruit. In 1986, infestations of the more serious Asiatic (A)-strain of citrus canker were detected in Manatee County, Florida. This has led to significant concern regarding potential damage from the disease. The APHIS Citrus Canker committee met in 1989. According to their study, cost-benefit ratios indicated that it would be economically beneficial for APHIS to supplement the A-strain eradication program in Florida. In past years, APHIS has funded surveillance, regulatory, control and eradication activities from the Miscellaneous Plant Pests program, in response to several major outbreaks of citrus canker. Estimated value of the crops at risk is over $1 billion.

Nature of Change. This increase will enable APHIS to provide supervisory personnel for regulatory and surveillance activities and share operational costs and costs of tree depopulation with the

State of Florida. Eradication efforts will be concentrated in Manatee County, which is now the only county containing the A-strain.

(i) A decrease of $2,562,000 for the grasshopper and Mormon cricket program ($8,517,000 available in FY 1990).

Need for Change. The program to control grasshopper and Mormon cricket infestations in the Western States is evolving into a proactive program, stressing forecasting of pest outbreaks and integrated pest management techniques. The intensive control measures of the past few years have resulted in large reductions in the grasshopper population, and new techniques are improving responses to infestations. Due to continued low grasshopper populations, APHIS anticipates that adequate funds will be carried over into FY 1991 to meet the need for control efforts.

Nature of Change. Activities funded under the grasshopper program will continue to include annual surveys in cooperation with the State governments, spraying programs, and methods development aimed at improving survey methodology and refining response techniques.

(j) An increase of $100,000 for the gypsy moth program ($4,601,000 available in FY 1990).

Need for Change. The program anticipates higher costs in FY 1991 due to increases in the cost of program inputs such as survey supplies, and transportation.

Nature of Change. The additional funds will offset the impact of recent increases in the cost of key items, thus enabling the program to maintain activities at the current level.

(k) An increase of $140,000 for the honeybee pest program ($351,000 available in FY 1990).

Need for Change. The approach of Africanized honeybees, the Varroa mite outbreak in FY 1988, and the honeybee tracheal mite outbreak in FY 1984, have caused widespread concern about protection for the honeybee industry. The magnitude of the economic losses possible from these pests have increased the need for standardized inspection and certification procedures for all honeybee pests.

Nature of Change. APHIS would provide additional assistance to the National Plant Board and Apiary Inspectors of America to coordinate the development of a national honeybee certification program that establishes uniform standards for interstate movement. APHIS would also provide additional support to States in dealing with current honeybee pests and AHB once it reaches the United States.

(l) A decrease of $2,722,000 for the imported fire ant program ($4,232,000 available in FY 1990).

Need for Change. The imported fire ant is currently established in 11 Southern States, with additional isolated finds in Arizona, California, and Maryland. Since 1977, the control program has been severely hampered by the absence of an approved pesticide for widespread agricultural use. APHIS continues to regulate infested States and work with industry, and the Agricultural Research Service in the testing of various control agents for this pest. Until an effective control agent is found, the Agency will have little demand for cooperative control programs from the States, and will limit its

activities to testing of potential treatments and some regulatory work.

Nature of Change. APHIS will continue developing and testing new methods of fire ant control. Involvement in extended survey activities in the infested States, currently funded under cooperative agreements with the States, will be eliminated. The Agency will limit its involvement to those survey and regulatory activities necessary to prevent interstate spread of the pest.

(m) An increase of $846,000 for miscellaneous plant and animal diseases and pests ($2,342,000 available in FY 1990).

Need for Change. Funds appropriated for this line item are used to control and prevent the spread of certain plant and animal pests and diseases of potential economic significance that are not covered by a budget line item. Plant programs usually funded from this line item are Japanese beetle, potato wart, black stem rust (barberry eradication), and white garden snail. Animal programs funded include equine piroplasmosis, equine infectious anemia, African horse sickness, contagious equine metritis, bluetongue, Venezuelan equine encephalitis, and bovine spongiform encephalopathy.

In FY 1990, Congress appropriated funds for Scrapie as separate line-item. Previously, scrapie had been funded under the Miscellaneous Animal Diseases line-item. APHIS believes the quarantine and depopulation activities can be adequately administered within the miscellaneous plant and animal pests and diseases program.

Nature of Change. Sufficient funding will be added to the miscellaneous plant and animal diseases and pests line-item to allow current scrapie program activities to continue.

(n) A decrease of $264,000 for the noxious weeds program ($842,000 available in FY 1990).

Need for Change. In FY 1989, APHIS completed surveys in three States for common crupina: Oregon, Idaho, and Washington. APHIS and the individual State Departments of Agriculture began small scale eradication projects for common crupina in these three States. In FY 1990, a full scale eradication program for common crupina will begin. In Washington, delimiting and control measures on additional infestations will be implemented. Delimiting surveys are conducted at a later date, after common crupina is initially discovered. The surveys determine the extent of the infestation. In Oregon and Idaho, boundary and highway treatments will be started and we will begin treatments on additional infestations. By FY 1991, the eradication programs should be in place and running smoothly. The State governments should have the capability to effectively undertake local eradication programs.

Nature of Change. APHIS will no longer provide funds for cooperative control and eradication activities in the common crupina program. The State governments of Washington, Idaho, and Oregon would now have the responsibility of implementing eradication and control activities.

(o) A decrease of $339,000 for the pink bollworm program ($1,302,000 available in FY 1990).

Need for Change. Since 1968, APHIS has worked with the State of California to keep the pink bollworm from causing economic damage to cotton producers in the San Joaquin Valley. The Agency produces sterile moths at the Phoenix, Arizona, rearing facility, which are released in the San Joaquin Valley to prevent the establishment of pink bollworms in this area. In addition, APHIS has worked closely with the States in surveys and regulatory actions. After 20 years of working with the Agency, the States have gained the necessary knowledge and ability to assume the primary responsibility for maintaining this program.

Nature of Change. Funds will no longer be provided for surveillance, and the Agency will reduce regulatory activities. APHIS will continue to operate the sterile-moth rearing facility; conduct methods trials, such as the demonstration projects in the San Joaquin Valley; and develop management tools which will assist States and producers.

(p) A decrease of $252,000 for the pseudorabies program ($3,292,000 available in FY 1990).

Need for Change. APHIS supports the goal of eradication; however, the Agency believes that industry and States should be in the vanguard of the industry developed ten year eradication plan. States and industry have gained sufficient program expertise to allow for an increased role.

Nature of Change. APHIS will continue to provide direct support for local programs to control or eradicate pseudorabies, but at a slightly reduced level. The Agency will continue to provide national program coordination, technical advice, regulatory assistance, public information, and recordkeeping. This may require restructuring the program timetable to allow completion within 12 to 15 years instead of 10 years as previously envisioned. As an alternative, the States and industry could increase support so that progress can continue toward eradication within 10 years.

(q) A decrease of $898,000 for the Russian wheat aphid program line-item ($898,000 available in FY 1990).

Need for Change. Since Russian wheat aphid (RWA) program activities are carried out at the same facilities and with many of the same scientific staff as other biological control projects, APHIS feels that the program should be included under the Biocontrol line item.

Nature of Change. APHIS will no longer fund the RWA program as an individual line-item. In FY 1991, the program will be moved back into the Biocontrol program.

(r) A decrease of $1,085,000 for the scrapie program ($1,085,000 available in FY 1990).

Need for Change. An effective control and eradication program is hampered by the lack of an effective diagnostic test for scrapie. Consequently, an acceptable program approach has not been agreed upon by APHIS and producers.

Nature of Change. The current separate line-item for scrapie will be eliminated. Sufficient funding will be added to the

miscellaneous plant and animal pests and diseases line-item to enable scrapie program activities to continue.

(s) An increase of $343,000 for the remaining programs to cover increased operating costs.

Need for Change. This increase will permit the golden nematode, National Poultry Improvement Plan, Poultry diseases, swine health protection, tuberculosis, and witchweed line items to continue to operate at FY 1990 levels.

Nature of Change. The additional funds will offset the impact of recent increase in the cost of key items, thus enabling the program to maintain activities at the current level.

(4) A net increase of $1,424,000 for animal care activities, consisting of:

(a) An increase of $277,000 for the 1989 pay raise and $93,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $869,000 for the animal welfare program ($7,464,000 available in FY 1990).

Need for Change. APHIS is responsible for implementing the 1985 amendments to the Animal Welfare Act. Proposed regulations have been issued for public comment. The nature and volume of comments received with respect to Part 3 make it likely that this section must be reproposed. APHIS fully anticipates these rules will be finalized by FY 1991. These rules will create a need for additional inspectors, overnight travel, vehicles, and public information activities.

Nature of Change. The program will hire up to 11 Veterinary Medical Officers (VMOs) and Animal Health Technicians to augment its field force of inspectors to allow implementation of the new regulations. Additional vehicles will be purchased to equip the new inspectors and replace older vehicles as needed. APHIS will conduct an intensive program of training and public information regarding the new requirements.

(c) An increase of $185,000 for the horse protection program ($159,000 available in FY 1990).

Need for Change. APHIS has received criticism for its inability to monitor an adequate number of horse shows to realistically prevent the soring of horses in certain breeds of performance horses and for not providing sufficient oversight and training of Designated Qualified Persons (DQP's). The timeliness of enforcement actions is also unacceptable to the industry. Moreover, recently enacted regulations which prohibit certain action devices and weighted pads have increased workload both in covering horse shows and in enabling the Agency to follow up on reported violations. This is reflected in recent workload indicators which show a decline in program outputs last year.

Nature of Change. The funds will allow significantly expanded coverage of horse shows by Veterinary Medical Officers (VMO's) and Designated Qualified Persons (DQP's). The frequency of training for VMOs and DQPs will be increased. In addition, current staff shortages in the regulatory enforcement unit will be filled.

(5) A net increase of $6,527,000 for scientific and technical services activities, consisting of:

(a) An increase of $903,000 for the 1989 pay raise and $301,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $179,000 for the ADC Methods Development program ($7,326,000 available in FY 1990).

Need for Change. Methods development activities in support of the Animal Damage Control (ADC) operational programs are carried out at the Department's Denver Wildlife Research Center (DWRC) and its satellite research stations. These activities include research and development of control techniques and devices. The program's objective is to protect America's multibillion dollar agricultural industry from animal damage. In addition, it improves public health and safety by providing protection from wildlife that are detrimental to agriculture, other wildlife, and public safety. The program provides information transfers on a broad range of ADC problems and combines physical, biological, and chemical control methods in testing control situations. The program also conducts research to maintain pesticide registrations with the Environmental Protection Agency (EPA) for products such as strychnine and compound 1080.

In FY 1988, the Department began a multi-year effort to bring the Center into compliance with the Good Laboratory Practices (GLP) standards of the EPA. The Center's noncompliance endangers our ability to support current ADC pesticide registrations and to develop new ones, since EPA will reject data that is not developed in compliance with GLP. If the Department does not act, ADC will eventually lose many pesticide registrations.

Nature of Change. The additional funds will offset the impact of recent increase in the cost of key items, thus enabling the program to maintain activiites at the current level.

(c) An increase of $1,642,000 for the biotechnology program ($4,685,000 available in FY 1990.

Need for change. Many genetically engineered products are nearing the commercialization stage, requiring increasingly complex analyses of field tests. Additional staff are necessary if APHIS is to continue providing consistent and timely reviews of requests to field test products. The Department plans to continue efforts to promote the "international harmonization" of biotechnology regulations. Through this initiative, APHIS, as part of the United States delegation, works with foreign governments to develop uniform regulations for the field testing, movement, and importation of genetically engineered products. This effort will help prevent unnecessary trade barriers and facilitate the transfer of American products into foreign markets.

Nature of Change. These funds will be used to meet the Agency's objective of assuring greater consistency in international biotechnology regulations. The funds will be used to hire additional scientific staff, provide training to existing staff, and keep pace with the increasing volume and complexity of permit requests.

(d) An increase of $561,000 for the Plant Methods Development program ($4,823,000 available in FY 1990).

Need for Change. The Plant Methods Centers are currently located in Mission, Texas; Whiteville, North Carolina; Hoboken, New Jersey; and Otis, Massachusetts. This program consists of methods development activities that were previously funded in separate plant protection programs. A recent APHIS reorganization placed all activities related to science and technology into one organization to strengthen the Agency's scientific and technical base. By placing the funding and activities for plant methods development into one program, APHIS has improved its ability to meet the changing needs of U.S. agriculture through technologically advanced control and eradication methods. There is growing concern over the lasting impact of pesticide residues on the environment, increasing pest control costs, pesticide re-registration costs, and pest resistance to existing pesticides. Additional work needs to be done to discover and develop more effective methods of using insecticides and to develop alternatives to pesticides as a measure of controlling plant pest problems.

Nature of Change. Increased funding will support methods development activities at the FY 1990 level in most plant protection programs, including golden nematode, honeybee pests, imported fire ant, and noxious weeds. Pink bollworm methods development activities will be minimally supported. Programs to develop biological controls for the tropical fruit fly, boll weevil, Colorado potato beetle, and heliothis and related moths will also be expanded.

APHIS is also developing a new Plant Methods Development Center system. This system will be composed of a Western Center at Phoenix, Arizona; a Central Center at Mission, Texas; an Eastern Center at Research Triangle Park, North Carolina; and a National Center at Otis, Massachusetts. The Western Center will be responsible for activities concerning pink bollworm in cotton, rangeland grasshopper, and other high-priority needs unique to the Western United States and Northern Pacific area. The Central Center will be responsible for boll weevil eradication, tropical fruit fly control, and biological control pilot testing. The Eastern Center will support witchweed eradication efforts and simultaneously become APHIS' premiere Center for developing new methods in pest detection and exclusion, and agriculture quarantine inspection. The National Center will provide technical assistance for Gypsy Moth control and increase its involvement in sophisticated and pervasive technologies, such as the evaluation of biologically-based control techniques, molecular entomology, and biological risk assessment.

(e) An increase of $685,000 for the veterinary biologics program ($8,523,000 available in FY 1990).

Need for Change. APHIS is being challenged to keep pace with the increasing complexity of product license requests, activities to be monitored, and laboratory analysis of biologics serials. Also, the Agency has assumed additional workload associated with the regulation of intrastate producers of veterinary biologics.

Nature of Change. Increased funding will enable APHIS to meet the regulatory challenges envisioned in FY 1991. Specifically, the Agency will increase staff to ensure timely license application reviews and adequate monitoring of domestic manufactures and foreign

firms that are permitted to distribute products in the United States. Funds would also be used to fully investigate and respond to complaints and requests for information from veterinary biologics users.

(f) An increase of $2,256,000 for the veterinary diagnostics program ($12,201,000 available in FY 1990).

Need for Change. APHIS is performing laboratory procedures derived through biotechnology for their disease eradication programs, export testing, and foreign animal and poultry disease diagnostic works. These new procedures are critical because they provide the Agency with the efficiency, accuracy, and timeliness required in these programs. In addition, they enable APHIS to conduct increasingly definitive tests and procedures for decreasing animal and poultry disease losses, enhancement of exports and assurances against entry of foreign animal and poultry diseases.

Nature of Change. Increased funding will provide for diagnostic support, including differential diagnosis and diagnostic laboratory assistance to the livestock and poultry industry of the United States. It will also provide for the development and evaluation of new diagnostic procedures derived through biotechnology with particular emphasis on rapid and accurate identification of foreign animal and poultry diseases. APHIS will purchase sophisticated newly developed equipment and supplies to conduct these new technologies. It will also provide for a more highly technical staff to ensure accuracy and credibility of test results.

(6) An increase of $57,000 for the contingency fund for increased operating costs ($4,443,000 available in FY 1990).

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SUMMARY OF PROPOSED LEGISLATION

SUMMARY OF INCREASES AND DECREASES--PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
Agricultural quarantine inspection.	$74,969,000	-$74,969,000	--
Import-Export.....	9,001,000	-2,201,000	$6,800,000
Veterinary diagnostics.....	14,798,000	-1,768,000	13,030,000
All other.....	269,182,000	--	269,182,000
	367,950,000	-78,938,000	289,012,000

Explanation of Proposed Legislation

When direct beneficiaries can be identified, users of APHIS services should pay for the costs of the service. The Agency proposes to charge for the following services now provided free of charge by APHIS.

- In the agricultural quarantine inspection program, all costs associated with preventing the introduction of agricultural pests and diseases. This includes the cost of passenger, baggage, and cargo inspections at ports-of-entry; development of new detection techniques such as X-rays and detector dogs; and meeting the Agency's responsibilities with respect to the movement of endangered species.

- In the import-export program, includes all activities not previously covered through trust funds. These activities include veterinary care, testing, certification, commuting costs, and quarantine costs not already covered by trust funds.

- In the veterinary diagnostics program, certain laboratory testing and reagent production performed for States, industry, universities, and other Federal agencies.

Legislation will be proposed to assess charges to the users of these services so that the cost of these programs will be borne by the program beneficiaries.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 Actual and Estimated, 1990 and 1991
Pest And Disease Exclusion

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	amount	Staff-years
Alabama.....	392,480	10	390,887	10	431,027	11
Alaska.....	298,022	8	296,813	8	327,292	9
Arizona.....	1,267,326	33	1,262,184	33	1,391,796	35
Arkansas.....	382,162	10	380,611	10	419,696	11
California.....	11,044,123	218	8,405,875	217	9,269,066	233
Colorado.....	547,394	14	545,173	14	601,156	15
Connecticut.....	158,873	4	158,228	4	174,477	4
Delaware.....	262,598	7	261,532	7	288,389	7
Florida.....	8,696,224	224	8,660,937	224	9,550,320	240
Georgia.....	1,364,482	35	1,358,945	35	1,498,494	37
Hawaii.....	8,903,472	230	8,867,344	230	9,777,922	246
Idaho.....	138,285	4	137,724	4	151,867	4
Illinois.....	1,576,483	41	1,570,086	41	1,731,317	44
Indiana.....	358,632	9	357,177	9	393,855	10
Iowa.....	266,532	7	265,450	7	292,709	7
Kansas.....	215,623	6	214,748	6	236,800	6
Kentucky.....	321,951	8	320,645	8	353,571	9
Louisiana.....	1,572,101	41	1,565,722	41	1,726,504	44
Maine.....	530,824	14	528,670	14	582,959	15
Maryland.....	7,171,057	184	7,141,959	184	7,875,359	197
Massachusetts.....	3,014,996	78	3,002,762	78	3,311,112	83
Michigan.....	845,589	22	842,158	22	928,638	24
Minnesota.....	513,459	13	511,376	13	563,888	14
Mississippi.....	460,432	12	458,564	12	505,653	13
Missouri.....	325,244	8	323,924	8	357,188	9
Montana.....	625,925	16	623,385	16	687,400	17
Nebraska.....	53,759	1	53,541	1	59,039	1
Nevada.....	273,310	7	272,201	7	300,153	7
New Hampshire.....	77,846	2	77,530	2	85,492	2
New Jersey.....	1,819,323	47	1,811,941	47	1,998,007	50
New Mexico.....	318,310	8	317,018	8	349,573	9
New York.....	7,608,457	195	7,577,584	194	8,355,718	209
North Carolina.....	1,017,700	26	1,013,570	26	1,117,653	28
North Dakota.....	435,128	11	433,362	11	477,864	12
Ohio.....	371,459	10	369,952	10	407,942	11
Oklahoma.....	236,695	6	235,735	6	259,942	6
Oregon.....	1,211,162	31	1,206,247	31	1,330,116	33
Pennsylvania.....	1,610,012	42	1,603,479	42	1,768,139	45
Rhode Island.....	433,474	11	431,715	11	476,047	12
South Carolina.....	1,086,572	28	1,082,163	28	1,193,289	30
South Dakota.....	30,901	1	30,776	1	33,936	1
Tennessee.....	151,493	4	150,878	4	166,372	4
Texas.....	10,256,441	264	10,214,823	263	11,263,773	282
Utah.....	304,594	8	303,358	8	334,510	9
Vermont.....	1,112,083	29	1,107,570	29	1,221,306	31
Virginia.....	1,225,595	32	1,220,622	32	1,345,966	34
Washington.....	1,416,392	37	1,410,645	37	1,555,502	40
Washington D.C.....	303,666	8	302,434	8	333,490	9
West Virginia.....	143,304	4	142,723	4	157,379	4
Wisconsin.....	188,205	5	187,441	5	206,689	5
Wyoming.....	221,213	6	220,315	6	242,939	6
Puerto Rico.....	52,925	2	52,710	2	58,123	2
Asia/Pacific.....	970,064	8	966,128	8	1,065,338	9
Central America....	420,943	4	419,235	4	462,286	4

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	Amount	Staff-years
Chile.....	166,567	2	165,891	2	182,926	2
Columbia.....	1,829,942	1	1,822,517	1	2,009,669	1
Dominican Republic.	616,430	0	613,929	0	676,972	0
Europe/Africa.....	927,648	8	923,884	8	1,018,757	9
Guatemala.....	4,475,597	8	4,018,226	8	4,430,853	9
Haiti.....	25,371	1	25,268	1	27,863	1
Mexico.....	34,906,307	90	34,764,669	90	38,334,614	96
Panama.....	959,846	3	955,951	3	1,054,114	3
Venezuela.....	147,689	2	147,090	2	162,194	2
Total, Available or Estimate.1/...	128,660,712	2,208	125,106,000	2,205	137,953,000	2,362

1/ FY 1989 obligations include $3,045,000 in obligations from contingency fund releases. The FY 1990 and FY 1991 totals do not include any contingency fund obligations.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 Actual and Estimated, 1990 and 1991
Plant And Animal Health Monitoring

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	Amount	Staff-years
Alabama.....	88,340	1	92,245	1	136,739	1
Alaska.....	0	0	0	0	0	0
Arizona.....	85,251	1	89,019	1	131,957	1
Arkansas.....	80,033	1	83,570	1	123,880	1
California.....	751,757	13	784,984	11	1,163,621	12
Colorado.....	686,601	11	716,948	11	1,062,769	11
Connecticut.....	243,357	2	112,540	2	166,823	2
Delaware.....	73,971	1	77,241	1	114,498	1
Florida.....	356,346	6	357,402	5	529,795	6
Georgia.....	342,633	5	343,158	5	508,680	5
Hawaii.....	44,530	1	31,879	0	47,256	1
Idaho.....	69,891	1	72,981	1	108,183	1
Illinois.....	74,561	1	63,238	1	93,741	1
Indiana.....	65,793	1	54,082	1	80,168	1
Iowa.....	280,557	5	292,958	4	434,266	5
Kansas.....	81,518	1	85,121	1	126,179	1
Kentucky.....	47,539	1	49,641	1	73,585	1
Louisiana.....	85,230	1	88,997	1	131,925	1
Maine.....	67,019	1	69,981	1	103,736	1
Maryland.....	2,297,812	37	2,312,628	33	3,428,125	37
Massachusetts.....	188,428	1	55,182	1	81,800	1
Michigan.....	308,742	5	322,389	5	477,893	5
Minnesota.....	132,747	2	123,995	2	183,804	2
Mississippi.....	112,170	2	117,128	2	173,625	2
Missouri.....	71,223	1	59,752	1	88,573	1
Montana.....	69,526	1	72,599	1	107,618	1
Nebraska.....	47,163	1	49,247	1	73,002	1
Nevada.....	58,562	1	61,150	1	90,646	1
New Hampshire.....	49,077	1	51,247	1	75,965	1
New Jersey.....	143,152	1	62,735	1	92,995	1
New Mexico.....	69,174	1	72,231	1	107,072	1
New York.....	172,862	3	180,502	3	267,567	3
North Carolina.....	77,197	1	80,609	1	119,490	1
North Dakota.....	39,593	1	41,343	1	61,285	1
Ohio.....	336,514	5	336,769	5	499,210	5
Oklahoma.....	62,879	1	51,040	1	75,659	1
Oregon.....	80,352	1	83,903	1	124,374	1
Pennsylvania.....	185,950	2	107,425	2	159,241	2
Rhode Island.....	34,449	1	35,971	1	53,322	1
South Carolina.....	108,686	2	113,490	2	168,231	2
South Dakota.....	51,101	1	53,359	1	79,097	1
Tennessee.....	342,481	4	270,875	4	401,532	4
Texas.....	241,350	3	182,562	3	270,621	3
Utah.....	53,420	1	55,781	1	82,687	1
Vermont.....	59,954	1	62,601	1	92,801	1
Virginia.....	132,447	2	138,301	2	205,010	2
Washington.....	65,371	1	68,260	1	101,185	1
Washington D.C.....	100,171	2	104,599	2	155,052	2
West Virginia.....	84,436	1	88,168	1	130,695	1
Wisconsin.....	93,716	2	97,860	1	145,063	2
Wyoming.....	52,606	1	54,932	1	81,428	1
Puerto Rico.....	2,281	0	2,382	0	3,531	0
Total, Available or Estimate.1/...	9,450,519	144	9,037,000	134	13,396,000	143

1/ Includes contingency fund obligations of $796,039 for FY 1989. Obligations for contingency releases are not included in 1990 and 1991.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 Actual and Estimated, 1990 and 1991
Pest And Disease Management Programs

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	Amount	Staff-years
Alabama.....	4,505,561	67	4,828,790	69	4,710,017	66
Alaska.....	138,228	2	154,281	2	144,501	2
Arizona.....	3,192,987	48	3,463,788	49	3,337,881	47
Arkansas.....	3,061,271	46	3,316,775	47	3,200,187	45
California.....	5,305,459	79	5,621,581	82	5,546,214	77
Colorado.....	2,801,566	42	3,026,911	43	2,928,697	41
Connecticut.....	201,255	3	224,627	3	210,388	3
Delaware.....	205,803	3	229,703	3	215,142	3
Florida.....	10,015,105	150	10,578,156	154	10,469,576	146
Georgia.....	10,329,983	155	10,829,600	159	10,798,743	151
Hawaii.....	512,528	8	572,047	8	535,786	7
Idaho.....	2,460,161	37	2,645,859	38	2,571,800	36
Illinois.....	1,506,329	23	1,681,259	23	1,574,684	22
Indiana.....	975,921	15	1,089,255	15	1,020,207	14
Iowa.....	2,175,911	33	2,328,599	33	2,274,651	32
Kansas.....	1,506,380	23	1,681,315	23	1,574,737	22
Kentucky.....	3,358,929	50	3,649,001	52	3,511,353	49
Louisiana.....	4,018,187	57	4,161,592	59	3,991,451	56
Maine.....	503,818	8	562,326	8	526,681	7
Maryland.....	7,271,468	109	7,315,901	112	7,601,437	106
Massachusetts.....	1,420,786	21	1,585,782	22	1,485,259	21
Michigan.....	1,578,600	24	1,761,922	24	1,650,235	23
Minnesota.....	2,150,440	32	2,300,170	33	2,248,024	31
Mississippi.....	3,669,495	55	4,095,633	56	3,836,012	53
Missouri.....	2,105,343	32	2,320,835	32	2,200,880	31
Montana.....	2,223,284	33	2,481,473	34	2,324,174	32
Nebraska.....	1,541,518	23	1,720,534	24	1,611,470	22
Nevada.....	1,465,479	22	1,635,665	23	1,531,980	21
New Hampshire.....	217,209	3	242,433	3	227,065	3
New Jersey.....	379,430	6	423,493	6	396,648	6
New Mexico.....	2,299,652	34	2,566,710	35	2,404,007	34
New York.....	1,804,331	27	2,013,867	28	1,886,209	26
North Carolina.....	5,963,784	89	6,356,357	92	6,234,412	87
North Dakota.....	2,264,856	34	2,527,534	35	2,367,314	33
Ohio.....	1,207,971	18	1,348,253	19	1,262,787	18
Oklahoma.....	4,965,780	74	5,142,454	76	5,191,120	72
Oregon.....	1,609,833	24	1,796,782	25	1,682,885	23
Pennsylvania.....	1,151,465	16	1,226,104	17	1,148,382	16
Rhode Island.....	129,501	2	144,540	2	135,377	2
South Carolina.....	3,780,129	57	4,219,114	58	3,951,666	55
South Dakota.....	1,629,882	24	1,819,160	25	1,703,844	24
Tennessee.....	3,183,387	48	3,553,073	49	3,327,844	46
Texas.....	27,354,003	406	38,446,902	421	28,516,885	398
Utah.....	2,510,565	38	2,802,116	39	2,624,491	37
Vermont.....	195,906	3	218,657	3	204,796	3
Virginia.....	546,555	8	610,026	8	571,357	8
Washington.....	1,326,338	20	1,480,365	20	1,386,525	19
Washington D.C.....	1,846,652	28	2,061,103	28	1,930,450	27
West Virginia.....	559,116	8	624,046	9	584,488	8
Wisconsin.....	1,515,127	23	1,691,078	23	1,583,882	22
Wyoming.....	1,756,052	26	1,959,982	27	1,835,739	26
Puerto Rico.....	3,997,268	60	4,461,471	62	4,178,660	58
Total, Available or Estimate.1/...	152,396,587	2,276	163,599,000	2,340	158,969,000	2,217

1/ Includes $328,237 in contingency fund and $6,200,000 for boll weevil emergency Commodity Credit Corporation transfer obligations for FY 1989. Obligations for contingency releases are not included in 1990 and 1991.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 Actual and Estimated, 1990 and 1991
Animal Care

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	Amount	Staff-years
Alabama.....	28,311	1	36,406	1	43,207	1
Alaska.....	17,870	0	22,979	0	27,272	1
Arizona.....	10,447	0	13,435	0	15,944	0
Arkansas.....	214,768	6	276,177	6	327,768	6
California.....	283,461	7	364,511	8	432,603	8
Colorado.....	67,117	2	86,308	2	102,431	2
Connecticut.....	14,141	0	18,184	0	21,581	0
Delaware.....	5,206	0	6,695	0	7,945	0
Florida.....	9,013	0	11,591	0	13,756	0
Georgia.....	323,404	8	415,875	9	493,562	9
Hawaii.....	69,299	2	89,114	2	105,761	2
Idaho.....	41,438	1	53,287	1	63,241	1
Illinois.....	3,377	0	4,343	0	5,154	0
Indiana.....	205,179	5	263,846	6	313,133	6
Iowa.....	141,129	4	181,482	4	215,383	4
Kansas.....	152,825	4	196,523	4	233,234	4
Kentucky.....	164,496	4	211,531	4	251,046	5
Louisiana.....	57,590	1	74,057	2	87,891	2
Maine.....	40,911	1	52,608	1	62,435	1
Maryland.....	5,839	0	7,509	0	8,912	0
Massachusetts.....	1,015,597	28	1,305,987	27	1,549,950	31
Michigan.....	61,383	2	78,935	2	93,680	2
Minnesota.....	63,582	2	81,762	2	97,036	2
Mississippi.....	124,896	3	160,607	3	190,609	4
Missouri.....	18,203	0	23,407	0	27,780	1
Montana.....	306,520	8	394,164	8	467,795	9
Nebraska.....	25,890	1	33,293	1	39,512	1
Nevada.....	164,838	4	211,970	4	251,567	5
New Hampshire.....	26,805	1	34,469	1	40,908	1
New Jersey.....	7,176	0	9,228	0	10,952	0
New Mexico.....	92,620	2	119,103	2	141,352	3
New York.....	22,935	1	29,493	1	35,003	1
North Carolina.....	224,357	6	288,508	6	342,402	7
North Dakota.....	37,753	1	48,548	1	57,617	1
Ohio.....	37,147	1	47,768	1	56,691	1
Oklahoma.....	131,754	3	169,427	4	201,076	4
Oregon.....	396,864	11	510,339	11	605,672	13
Pennsylvania.....	100,456	3	129,180	3	153,311	3
Rhode Island.....	246,096	6	316,463	7	375,579	7
South Carolina.....	6,332	0	8,142	0	9,663	0
South Dakota.....	11,714	0	15,063	0	17,877	0
Tennessee.....	70,846	2	91,103	2	108,121	2
Texas.....	115,360	3	148,345	3	176,056	3
Utah.....	384,659	10	494,645	10	587,046	11
Vermont.....	7,317	0	9,409	0	11,166	0
Virginia.....	5,065	0	6,514	0	7,731	0
Washington.....	97,791	3	125,752	3	149,243	3
Washington D.C.....	66,429	2	85,423	2	101,380	2
West Virginia.....	6,633	0	8,530	0	10,124	0
Wisconsin.....	143,064	4	183,970	4	218,336	4
Wyoming.....	7,282	0	9,364	0	11,113	0
Puerto Rico.....	44,818	1	57,628	1	68,393	1
Total, Available or Estimate.....	5,928,003	154	7,623,000	159	9,047,000	174

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 Actual and Estimated, 1990 and 1991
Scientific And Technical Services

	1989		1990		1991	
	Amount	Staff-years	Amount	Staff-years	Amount	Staff-years
California.....	84,546	1	84,122	1	98,742	1
Colorado.....	7,637,684	124	7,599,443	124	8,920,109	127
Iowa.....	15,507,611	253	15,430,245	253	18,105,040	257
Maryland.....	4,749,764	77	4,725,423	77	5,553,370	79
Massachusetts.....	1,139,853	19	1,134,146	19	1,331,243	19
Michigan.....	3,468	0	3,450	0	4,050	0
Mississippi.....	1,145,186	19	1,139,453	19	1,337,472	19
Montana.....	5,128	0	5,103	0	5,990	0
New Jersey.....	661,894	11	658,580	11	773,031	11
New York.....	4,729,343	77	4,705,944	77	5,517,021	78
North Carolina.....	974,585	16	969,706	16	1,138,226	16
Texas.....	947,582	15	942,838	15	1,113,432	17
Washington D.C.....	156,930	3	156,144	3	183,279	3
Wisconsin.....	3,420	0	3,403	0	3,995	0
Total, Available or Estimate.....	37,746,994	615	37,558,000	615	44,085,000	627

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

BUILDINGS AND FACILITIES

Appropriation Act, 1990	$13,422,000
Budget Estimate, 1991	25,396,000
Increase in Appropriation	+11,974,000

Adjustments in 1990:		
Appropriations Act, 1990	$13,422,000	
Gramm-Rudman-Hollings Reduction (P.L. 101-177)	-37,000	
Transfer from ARS a/	+223,000	
Adjusted base for 1990		13,608,000
Budget Estimate, Current Law, 1991		25,396,000
Increase over adjusted, 1990		+11,788,000

a/ The transfer from ARS is part of a cooperative agreement between APHIS and ARS covering maintenance costs for the Plum Island facility.

SUMMARY OF INCREASES AND DECREASES-CURRENT LAW
(on basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Decrease of one time construction projects in 1990	$9,800,000	-$9,800,000	--
Maintenance of buildings and facilities	3,808,000	+588,000	$4,396,000
Construction of Fort Collins Research Center	--	+4,000,000	4,000,000
Construction of the Germ Plasm Quarantine Facility in Beltsville, Maryland	--	+12,000,000	12,000,000
Plum Island Animal Disease Center consolidation	--	+5,000,000	5,000,000
Total Available	13,608,000	+11,788,000	25,396,000

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter is enclosed in brackets):

Buildings and Facilities

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, [$13,422,000], $25,396,000.

BUILDINGS AND FACILITIES

PROJECT STATEMENT
(On basis of available funds)

	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Construction of facilities.....	$2,285,572	$13,608,000	+$11,788,000	$25,396,000
Unobligated balance available, start of year.....	-76,446	-336,874	--	-336,874
Unobligated balance available, end of year.....	336,874	336,874	--	336,874
Total, Estimated appropriated funds.....	2,546,000	13,608,000	+11,788,000	25,396,000
Transfer from ARS.....		-223,000		
Gramm Rudman Hollings Reduction P.L. 99-177.....		+37,000		
Total Appropriation.....	2,546,000	13,422,000		

EXPLANATION OF PROGRAM

The APHIS appropriation "Buildings and Facilities" funds major non-recurring construction projects in support of specific program activities and recurring construction, alterations, and repairs of existing APHIS facilities.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of $9,800,000 for one time construction projects in FY 1990.

(2) An increase of $11,788,000 for buildings and facilities ($13,608,000 available in FY 1990).

(a) An increase of $588,000 for buildings and facilities ($3,808,000 available in FY 1990).

Need for Change. Plans, construction, repairs, alterations, and improvements are performed as needed for APHIS facilities including animal quarantine stations, border inspection stations, sterile insect rearing facilities, and laboratories. As the buildings age, major repairs or replacement of items, such as roofs, heating and ventilation systems, air conditioning, etc., become critical to the overall building operation. The Agency performs these repairs and replaces items as needed. Inflation, the need to adapt buildings to new functions, deterioration of aging buildings, and additional buildings acquired in recent

years have greatly reduced the Agency's ability to meet its needs.

Nature of Change. This increase will allow for more timely and adequate maintenance and repair of the APHIS operated facilities.

(b) An increase of $4,000,000 for construction of the Fort Collins Wildlife Research Center (FCWRC).

Need for Change. Facilities at the Denver Wildlife Research Center (DWRC) for research and methods development are not adequate to meet the requirements of the Animal Welfare Act and Good Laboratory Practices (GLP) regulations mandated by the Environmental Protection Agency (EPA) for pesticide registrations. Animal holding facilities and associated laboratories are decentralized and are outdated in terms of meeting regulatory standards for animal care and maintenance. The Wildlife Research Center master plan, currently under development by APHIS, is expected to call for the site of the Wildlife Research Center to be moved to a more suitable location in Fort Collins, Colorado. The move will likely be conducted in phases, with the first phase including construction of animal holding facilities at the new site.

Nature of Change. These funds, together with the funds available in FY 1990 for DWRC, will finance the relocation of facilities from Denver to Fort Collins, Colorado. Activities will include site preparation, and construction of holding facilities and laboratories.

(c) An increase of $12,000,000 to construct the Plant Germ Plasm Quarantine Center.

Need for a Change. APHIS is responsible for ensuring that U.S. agriculture is protected from the threat of exotic pathogens, pests, and weeds. Over the years, the demand for, and importation of, foreign germ plasm has dramatically increased while the quarantine related facilities have deteriorated and staffing has remained unchanged. Long delays in the processing and release of foreign germ plasm have led to increased frustration among end users of foreign germ plasm. Individuals have been encouraged, because of these delays, to smuggle materials into the country which significantly increases the likelihood of accidental introduction of exotic organisms.

The facilities currently utilized for the germ plasm quarantine activities are too small, dispersed, antiquated, understaffed, and lack adequate security for the volume of material requiring processing. Consequently, a 10-year backlog of material has accumulated. The new Plant Germ Plasm Quarantine Center will take approximately 3 years, and will cost a total of about $36 million to complete. The development program includes the construction of greenhouses and screenhouses, and related structures.

Nature of Change. The increase will be used to fund the first phase of the three phase Master Plan to complete construction of the National Germ Plasm Quarantine Facility at Beltsville, Maryland. This first phase will include: land development, a high security greenhouse, two quarantine greenhouses, eight quarantine screenhouses, and a pesticide storage building.

(d) An increase of $5,000,000 for the APHIS share of the Plum Island Animal Disease Center consolidation.

Need for Change. The Plum Island Animal Disease Center (PIADC) is located on an island in order to allow research into and diagnostic testing for exotic and highly contagious animal diseases without endangering the domestic animal population. The facility, shared by APHIS and the Agricultural Research Service (ARS), is located in a harsh environment which is buffeted by severe weather and seas. A consolidation plan has been proposed jointly by APHIS and ARS, and endorsed by the Secretary's Advisory Committee on Foreign Animal and Poultry Diseases, which would move APHIS diagnostic activities to one building at PIADC. Necessary improvements to the building and its surroundings, such as laboratory renovations, road repairs, and roof repairs, would be made as part of the consolidation plan.

Nature of Change. This increase would fund the APHIS share of the consolidation. Improvements and repairs would be made to Building 101 at PIADC in preparation for the consolidation of APHIS activities into this building. Improvements will include lab renovation, roof repairs, installation of improved laboratory filtration, new incinerators, new autoclaves, and other building repairs.

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of 140 replacement passenger motor vehicles.

The passenger motor vehicles of the Service are used by veterinarians, animal health technicians, plant protection and quarantine officers, inspectors, wildlife biologists, and other technical personnel in the performance of their duties. APHIS personnel use passenger motor vehicles during their daily activities to travel between individual ranches, farms, orchards, nurseries, ports, and other commercial firms. Use of common carriers is not feasible because of the need to travel in mostly rural areas. Comparative costs studies have shown that it is more economical to use Government owned vehicles rather than reimburse employees for the use of privately owned cars.

The Service's policy is to pool vehicles for use as much as possible. This results in a minimum of passenger motor vehicles and reduces overall operating costs. Operators are required to maintain and submit operational data. These periodic surveys are made to determine the continued need for vehicles and their condition.

Replacement of passenger motor vehicles. Replacement of 140 of the 559 vehicles estimated to be in operation at the beginning of FY 1991 is proposed. These 559 vehicles are located in 293 field locations and are used for pest and disease exclusion, plant and animal health monitoring, pest and disease management, animal care, scientific and technical services programs. The control, eradication, testing, and inspection activities are essential in protecting the Nation's agriculture. All vehicles proposed for replacement have 60,000 or more miles or are more than 6 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

AGE DATA

Age-Year Model	Number of Vehicles	Percent of Total
1984 & older	281	48%
1985	40	7%
1986	128	22%
1987	5	1%
1988	107	18%
1989	22	4%
TOTAL	583	100%

MILEAGE DATA

Lifetime Mileage (Thousands)	Number Vehicles	Percent of Total
80 or more	103	18%
60 - 80	133	23%
40 - 60	121	21%
20 - 40	125	21%
20 or less	101	17%
TOTAL	583	100%

AIRCRAFT

The 1991 Budget Estimates propose the replacement of 4 of the aircraft presently maintained by the Agency. There are presently 19 aircraft in the Agency fleet, 2 for pest and disease exclusion and 17 for pest and disease management programs. During FY 1989, there were two aircraft replaced. The aircraft make aerial surveys and aerial application tests, are used for insect trapping operations, and to demonstrate the use of special equipment for suppression of destructive insects attacking crops.

Replacement

The replacement aircraft will be used primarily in pest and disease management programs. These aircraft are sometimes used to supervise and observe contract planes which are newer, faster models than those the Agency has available. While this replacement authority is requested each year in the appropriation act, the aircraft are replaced only when necessary to maintain the fleet in safe and efficient operating condition.

AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service (AMS) was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by 35 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627); the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601-602, 608a-608e, 610, 612, 614, 624, 671-674); the U.S. Cotton Standards Act (7 U.S.C. 51-65); the Cotton Statistics and Estimates Act (7 U.S.C. 471-476); the Tobacco Inspection Act (7 U.S.C. 511-511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a-499s); the Egg Products Inspection Act (21 U.S.C. 1031-1056); and Section 32 (15 U.S.C. 713c).

The primary objective of AMS is to enhance the marketing and distribution of agricultural products from the Nation's farms. This is achieved through the collection and dissemination of market news information, the establishment of grading standards, inspection and grading services, and various marketing development programs. Approximately three-fourths of the funds needed to finance these activities are derived from user fees.

The Agricultural Marketing Service administers the following programs:

1. Market news service: The market news program entails the collection, analysis and dissemination of supply, inventories, prices and other market information for numerous agricultural commodities, including cotton and cottonseed; dairy products; fruits and vegetables; livestock, meat and grains; poultry products; and tobacco.

   Market news provides timely, accurate, and unbiased information to assist producers, growers, and marketers of farm products in making critical decisions of where and when to sell, and at what price. The collection of market information is a joint effort by both Federal and State reporters.

2. Inspection, grading and standardization services: AMS develops and maintains standards of quality and condition for use in the grading of agricultural commodities. These standards provide a common language of trade for buyers and sellers of these commodities both here and abroad. AMS provides grading and certification services upon request for numerous agricultural commodities, including cotton, dairy products, fruits and vegetables, livestock and meat, poultry and eggs, and tobacco. AMS also provides: continuous in-plant inspection to manufacturers of liquid, frozen, or dried egg products to ensure that egg products are wholesome, unadulterated, and fit for human consumption; inspects egg handlers and hatcheries quarterly to ensure the proper disposition of restricted eggs; and controls the importation of egg products to ensure that U.S. requirements are met.

   The inspection and grading activities are performed by Federal and Federally-supervised State employees. The egg products inspection program is mandatory and is funded from appropriations while grading activities are provided on a fee-for-service basis.

   The commodity scientific support program conducts laboratory tests on agricultural commodities to aid the commodity divisions in assigning grades to submitted samples. The program assures that commercial and private laboratories are performing tests in a consistent, uniform, and accurate manner.

3. Market protection and promotion services: AMS administers several laws to ensure proper marketing practices, stimulate innovative and improved commodity marketing, and provide assistance to industry-sponsored activities. The Federal Seed Act requires truthful labeling of seeds shipped in interstate commerce to prevent misrepresentation. The Plant Variety Protection Act encourages the development of novel varieties of

sexually reproduced plants by providing patent-like protection to developers. Oversight and direction is provided to several industry-funded research and promotion programs. During the past year, approximately $360 million was collected through producer assessments and used by industry to broaden and enhance local and national markets for various commodities. Currently there are active research and promotion programs for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, lamb and wool, and mohair.

4. Wholesale market development: Under this program, AMS provides technical advice and assistance to States and municipalities interested in creating new or upgrading current wholesale market facilities. AMS also conducts cooperative feasibility studies with other government agencies and the private sector to evaluate and suggest improvements in the efficiency with which agricultural commodities are handled and marketed.

5. Federal-State marketing improvement program: This program provides matching funds to State Departments of Agriculture for projects intended to improve the marketing of farm commodities. These funds enable the States to conduct marketing projects to improve local marketing systems. The aim of the program is to reduce the marketing costs for producers and, ultimately, the retail cost of food to consumers. Projects include work in innovative marketing techniques, testing study findings in the marketplace, and developing State expertise in providing service to marketers of agricultural commodities.

6. Perishable Agricultural Commodities Act: Through legal recourse procedures this program protects producers, shippers, distributors and retailers of fresh and frozen fruits and vegetables from financial loss due to buyer bankruptcy or unfair and fraudulent practices in the marketing of perishable agricultural commodities. This program also prohibits the unwarranted destruction or dumping of farm products handled for others.

7. Strengthening agricultural markets and producer income (Section 32): This program provides price assistance to producers through the purchase of surplus and, as necessary, other agricultural commodities from regular market outlets. Contracting offices use both Section 32 program funds and appropriated funds of the Food and Nutrition Service to make these purchases. All commodities purchased are transferred to the Food and Nutrition Service for distribution to schools, to the elderly and to other domestic food assistance programs.

   AMS also develops and maintains standard food specifications used government-wide to provide a more efficient Federal food procurement service.

   AMS supervises the administration of the marketing agreements and orders program and conducts public hearings and referenda to determine producer sentiment toward new order programs and revisions of current programs. Marketing orders maintain orderly market conditions by establishing minimum prices which handlers pay to producers for milk and dairy products and by regulating the quality, quantity, or size of fruits and vegetables which handlers may market in commercial channels.

8. Work performed for others: AMS provides services for Federal, State, and private industry on a reimbursable basis, primarily in connection with the commodity grading and inspection programs.

AMS headquarters are located in Washington, D.C., with approximately 308 year-round and seasonal field offices. The peak employment period for AMS occurs during the four month period, September thru December, due to the seasonal nature of the cotton, tobacco, and fruit and vegetable grading programs. Employment during the peak period averaged 5,118 during fiscal year 1989. As of September 30, 1989, there were 3,470 full-time employees and 1,357 other than permanent full-time employees. Of this number, employees assigned to field office locations totaled 2,825 full-time and 1,334 other than permanent full-time employees.

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Agricultural Marketing Service:						
Marketing Services ...	$33,373,000	641	$33,171,000	633	$52,251,000	668
Payments to States and Possessions	942,000	--	1,236,000	--	942,000	--
Total	34,315,000	641	34,407,000	633	53,193,000	668
Obligations under other USDA appropriations:						
Agricultural Stabilization & Conservation Service for statistical services.....	15,000	--	10,000	--	10,000	--
Federal Grain Inspection Service for statistical services.	244,000	4	250,000	4	250,000	4
Food & Nutrition Service for commodity procurement services	257,982	5	285,000	5	285,000	5
Foreign Agri. Service for general telegraphic services.....	40,190	1	--	--	--	--
National Agricultural Statistics Service for statistical services.....	10,000	--	10,000	--	10,000	--
Office of International Cooperation & Development for administrative services.....	48,000	1	48,000	1	48,000	1
Packers & Stockyards Administration for statistical services	65,000	1	60,000	1	60,000	1
Miscellaneous Reimbursements	10,908	--	3,000	--	3,000	--
Total, Other USDA Appropriations...	691,080	12	666,000	11	666,000	11
Total, Agriculture Appropriations ..	35,006,080	653	35,073,000	644	53,859,000	679
Permanent Appropriations:						
Funds for strengthening Markets, Income, and Supply (Sec. 32)	4,552,833,158	142	4,799,509,749	159	5,068,142,328	165

Continued on next page

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Carryin	116,867,619	--	132,717,240	--	291,113,672	--
Deduct transfers out	-4,146,960,326	--	-4,218,489,317	--	-4,694,159,000	--
Deduct carryout	-132,717,240	--	-291,113,672	--	-300,000,000	--
Net AMS	390,023,211	142	422,624,000	159	365,097,000	165
Perishable Agricultural Commodities Act Fund	5,517,546	125	5,423,000	129	5,675,000	129
Total, Permanent Appropriations	395,540,757	267	428,047,000	288	370,772,000	294
Non-Federal Funds:						
American Egg Board for oversight work	42,218	1	55,000	1	55,000	1
Beef Board for oversight work	142,816	2	160,000	2	160,000	2
Pork Board for oversight work	126,649	2	134,000	2	134,000	2
Cotton Board for oversight work	103,500	2	114,000	2	114,000	2
Dairy Board for oversight work	314,092	4	400,000	4	400,000	4
Potato Board for oversight work	49,000	1	56,000	1	56,000	1
Honey Board for oversight work	58,777	1	48,000	1	48,000	1
Soybean Board for oversight work	--	--	162,000	2	162,000	2
Watermelon Board for oversight work	--	--	59,000	1	59,000	1
Egg products inspection	599,644	--	597,000	--	597,000	--
Fees for grading of cotton and tobacco	34,775,868	677	37,962,000	675	40,162,000	654
Grading of farm products for producers, processors, and municipal, State and Federal Agencies	85,414,065	1,934	84,775,000	1,923	87,689,000	1,923
Milk Market Administrators for Federal Telecommunications System& employee compensation	32,745	--	29,000	--	29,000	--
States for collection & dissemination of market news information	148,497	3	137,000	3	137,000	3
Total, Non-Federal Funds	121,807,871	2,627	124,688,000	2,617	129,802,000	2,596
Milk Market Orders Assessment Funds	33,288,595	548	38,709,000	548	41,032,000	548
Total, Agricultural Marketing Service	585,643,303	4,095	626,517,000	4,097	595,465,000	4,117

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	4,095	4,097	4,117
Non-Ceiling	225	249	249
Total	4,320	4,346	4,366

AGRICULTURAL MARKETING SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

GRADE	1989 HEADQUARTERS	1989 FIELD	1989 TOTAL	1990 HEADQUARTERS	1990 FIELD	1990 TOTAL	1991 HEADQUARTERS	1991 FIELD	1991 TOTAL
ES-6	1	--	1	1	--	1	1	--	1
ES-5	--	--	--	--	--	--	--	--	--
ES-4	6	--	6	6	--	6	6	--	6
ES-3	--	--	--	--	--	--	--	--	--
ES-2	--	--	--	--	--	--	--	--	--
ES-1	5	--	5	5	--	5	5	--	5
GS/GM-15	24	2	26	26	2	28	26	2	28
GS/GM-14	63	19	82	65	20	85	65	20	85
GS/GM-13	98	52	150	105	56	161	106	56	162
GS-12	130	153	283	133	157	290	134	157	291
GS-11	55	212	267	57	220	277	59	220	279
GS-10	--	20	20	--	18	18	--	18	18
GS-9	49	714	763	49	710	759	51	709	760
GS-8	11	230	241	11	238	249	13	236	249
GS-7	83	241	324	80	234	314	86	233	319
GS-6	48	32	80	46	30	76	50	30	80
GS-5	41	219	260	40	216	256	43	217	260
GS-4	56	143	199	54	139	193	55	140	195
GS-3	17	16	33	19	17	36	19	17	36
GS-2	5	4	9	6	5	11	6	5	11
GS-1	--	--	--	--	--	--	--	--	--
Milk Market Orders Administrators and Staff	--	547	547	--	550	550	--	550	550
Ungraded Positions	1	24	25	1	25	26	1	25	26
Total Permanent Positions	693	2,628	3,321	704	2,637	3,341	726	2,635	3,361
Staff-Years:									
Ceiling	614	3,481	4,095	656	3,441	4,097	678	3,439	4,117
Non-Ceiling	16	209	225	15	234	249	15	234	249
TOTAL	630	3,690	4,320	671	3,675	4,346	693	3,673	4,366

AGRICULTURAL MARKETING SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$5,806,527	$5,657,000	$6,828,000
Field	13,548,562	14,235,000	15,421,000
11 Total personnel compensation	19,355,089	19,892,000	22,249,000
12 Personnel benefits	3,553,876	3,648,000	4,068,000
13 Benefits for former personnel	56,087	81,000	81,000
Total Personnel Compensation and Benefits	22,965,052	23,621,000	26,398,000
Other Objects:			
21 Travel	1,395,830	1,442,000	1,651,000
22 Transportation of things .	97,291	135,000	139,000
23.2 Rental payments to others.	307,452	306,000	306,000
23.3 Communications, utilities and misc. charges	2,506,692	2,468,000	2,840,000
24 Printing and reproduction.	150,147	175,000	301,000
25 Other services	4,108,360	4,163,000	17,732,000
26 Supplies and materials ...	588,616	422,000	837,000
31 Equipment	832,620	439,000	2,047,000
41 Grants, subsidies and contributions	942,000	1,236,000	942,000
42 Insurance claims and indemnities	1,501	--	--
43 Interest and dividends ..	2,467	--	--
Total Other Objects	10,932,976	10,786,000	26,795,000
Total Direct Obligations	33,898,028	34,407,000	53,193,000
Position Data:			
Average Salary, ES positions	$73,550	$76,233	$92,208
Average Salary, GM/GS positions	$29,184	$30,444	$31,469
Average Grade, GM/GS positions	8.7	8.7	8.7

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing Services:

For necessary expenses to carry on services related to consumer protection, agricultural marketing and distribution and regulatory programs as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $70,000 for employment under 5 U.S.C. 3109, [$33,171,000] $52,251,000; of which not less than [$1,623,000] $1,684,000 shall be available for the Wholesale Market Development Program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

MARKETING SERVICES -- CURRENT LAW

Appropriation Act, 1990	$33,171,000
Budget Estimate, 1991	52,251,000
Increase in Appropriation	+19,080,000

MARKETING SERVICES - PROPOSED LEGISLATION

Budget estimate, Current Law, 1991	$52,251,000
Change due to proposed legislation	-4,431,000
Net Request, President's 1991 Budget Request	47,820,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Market News Service	$16,366,000	+$619,000	+$709,000	$17,694,000
Inspection and Standardization	13,344,000	+524,000	+1,268,000	15,136,000
Market Protection and Promotion	1,838,000	+64,000	+15,835,000	17,737,000
Wholesale Market Development	1,623,000	+61,000	--	1,684,000
Total Available	33,171,000	+1,268,000	+17,812,000	52,251,000

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase or Decrease	Amount	Staff-Years
1. Market News Service:							
(a) Cotton and cottonseed	$1,629,358	28	$1,724,000	29	+$132,000	$1,856,000	29
(b) Dairy products	546,596	9	441,000	8	+38,000	479,000	8
(c) Fruits and vegetables	4,547,440	103	4,741,000	103	+298,000	5,039,000	103
(d) Livestock, meats&grain	6,326,537	126	6,442,000	126	+632,000	7,074,000	126
(e) Poultry products	2,047,468	40	2,181,000	42	+165,000	2,346,000	42
(f) Tobacco	742,034	17	837,000	19	+63,000	900,000	19
Total, Market News Service	15,839,433	323	16,366,000	327	(1) +1,328,000	17,694,000	327
2. Inspect. and Standardiza.							
(a) Egg products inspection	9,317,807	183	9,642,000	184	+1,599,000	11,241,000	194
(b) Standardization	4,224,346	77	3,702,000	66	+193,000	3,895,000	66
Total, Inspec. & Standardiza.	13,542,153	260	13,344,000	250	(2) +1,792,000	15,136,000	260
3. Market Protection and Promotion:							
(a) Federal Seed Act	1,083,158	18	1,047,000	18	+47,000	1,094,000	18

(Continued on next page)

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase or Decrease	Amount	Staff-Years
(b) Plant Variety Protection Act	240,658	4	--	--	--	--	--
(c) Market development and assistance.	703,140	12	791,000	13	+15,852,000	16,643,000	38
Total, Market Protection and Promotion	2,026,956	34	1,838,000	31	(3) +15,899,000	17,737,000	56
4. Wholesale Market Development .	1,547,486	24	1,623,000	25	(4) +61,000	1,684,000	25
Unobligated bal.	416,972	--	--	--	--	--	--
Total, appropriation..	33,373,000	641	33,171,000	633	+19,080,000	52,251,000	668

EXPLANATION OF PROGRAM

1. Market News Service:

The market news program is carried out under the following authorities:

Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
Naval Stores Act
Tobacco Statistics Act
Tobacco Inspection Act of 1935
U.S. Cotton Futures Act
Peanut Statistics Act
Food Security Act of 1985

Market news information is gathered on various agricultural products including dairy products, fruits and vegetables, livestock and meat, grain, poultry, eggs, cotton and tobacco. Market news provides those engaged in the production and marketing of farm products, as well as related industries with timely, accurate, and unbiased market information. This market information covers local, regional, national, and international markets and includes current data on supply, movement, contractual agreements, inventories, and prices at specific markets for practically all agricultural commodities. On a day-to-day basis those utilizing market news information are in a position to make the critical decisions of where and when to sell, and at what price.

Market information is obtained by both Federal and State reporters at trading points or by telephone. Information collected by these reporters is analyzed and disseminated immediately to the agricultural community by automatic telephone answering devices, facsimile machine, printed reports, radio and television, newspaper columns, and data networks. National information is integrated with local information and released in a form easily understood by the industry and locality served. Beginning in October 1981, AMS began charging subscription fees to cover postage, printing and handling costs for commodity market news reports. On October 1, 1987, AMS began charging subscription fees for its various cotton market news printed and mailed reports. Subscription fees are now charged for all printed and mailed reports except tobacco.

Market News Workload Data, 1989:

Commodity Group	Field Offices Year Round	Field Offices Sea-sonal	Buyers and Sellers Inter-viewed	Printed Reports Issued (Thous.)	Number on Mailing List	No. of Federal Reporters	No. of Markets Covered
Cotton and Cottonseed	5	--	2,376	515	3,015	7	7
Dairy and Dairy Products	2	--	500	102	2,605	5	46
Fruits and Vegetables	37	18	10,284	1,258	20,218	55	784
Livestock, Grain, and Meat	50	--	14,900	313	5,455	77	673
Poultry and Eggs	14	--	1,600	76	1,053	25	81
Tobacco	2	2	500	16	960	5	147

2. Inspection, Grading and Standardization:

This program is carried out under the following authorities:

Agricultural Marketing Act of 1946
Agricultural Fair Practices Act
Cotton Statistics and Estimates Act of 1927
U.S. Cotton Futures Act
United States Cotton Standards Act
Naval Stores Act
Tobacco Inspection Act of 1935
Tobacco Statistics Act
Wool Standards Act
Egg Products Inspection Act
Dairy and Tobacco Adjustment Act of 1983
Food Security Act of 1985

This program covers three distinct areas that facilitate the domestic and international marketing of agricultural commodities: development and maintenance of commodity quality standards, egg products inspection, and commodity grading.

a. Standards. AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition. Standards are developed for use in grading cotton, tobacco, naval stores, wool, mohair, livestock and meat, poultry, eggs, fruits, vegetables, nuts, and dairy products.

Standardization Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
International and U.S. standards in effect, end of year	595	596	599
Number of commodities covered	238	239	239
Standards revised	5	13	13

b. Inspection. This activity involves continuous mandatory inspection of egg processing plants producing liquid, frozen, or dried egg products to ensure products sold are wholesome, unadulterated and truthfully labeled. In cooperation with State Departments of Agriculture, shell egg grading operations are inspected at least four times yearly to control the disposition of certain types of undergrade and restricted eggs.

Egg Products Inspection Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Egg products inspected (million pounds)	1,636	1,640	1,640
Egg products accepted (million pounds)	26	25	25
Egg products plants	83	86	87
Egg handler surveillance visits	8,769	8,200	7,600
States and Commonwealths with cooperative agreements	52	52	52
Official samples submitted for analysis:			
Food chemistry and microbiology	40,969	42,000	42,000
Chemical residues	517	500	500

c. Grading. The grading process involves the application of quality standards to agricultural commodities. Grading services are offered to users who pay published fees for services provided. These services facilitate marketing by permitting purchasers to buy commodities without having to inspect them personally and by providing an impartial evaluation of the quality of products prior to their sale. AMS certification services provide assurance to buyers that the products they receive are the quantity and quality specified in their contract with the seller.

Grading Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Cotton Classifications (thousand bales):			
Smith-Doxey Amendment	13,800	11,500	13,000
United States Cotton Standards Act:			
Public Classing Service	30	32	32
U.S. Cotton Futures Act	400	300	300
Total, Cotton Classifications	14,230	11,832	13,332
Poultry and Egg Grading:			
Poultry products graded (includes rabbits - million pounds)	14,314	15,500	16,200
Shell eggs graded (million dozen)	1,555	1,545	1,530
Pounds accepted (poultry - million pounds)	817	820	820
Dozens accepted (eggs - million dozen)	421	417	413
Meat Grading:			
Meat graded (million pounds)	13,900	15,000	15,700
Meat accepted (million pounds)	800	800	800
Livestock Grading:			
Livestock graded (million pounds)	46	58	58
Fresh Fruit and Vegetable & Nut Grading:			
Product inspected (million pounds)	74,600	75,000	75,500
Processed Fruit and Vegetable Grading:			
Product inspected (million pounds)	8,700	8,800	8,900
Dairy Grading:			
Butter graded (million pounds)	1,435	1,425	1,450
Cheese graded (million pounds)	131	125	140
Dry milk graded (million pounds)	287	285	300
Other products graded (million pounds)	64	70	75
Plant inspections	1,800	1,750	1,750
Tobacco Grading:			
Flue-cured (million pounds)	870	910	910
Fire-cured (million pounds)	5	10	10
Dark air-cured (million pounds)	4	5	5
Burley (million pounds)	531	600	600
Tobacco Reinspection (million pounds)	22	100	120
Imported Tobacco Inspection (million pounds)	188	200	210
Total, Tobacco Inspection and Grading	1,620	1,825	1,855

3. Market Protection and Promotion:

In the administration of market protection and promotion activities the Agricultural Marketing Service operates under the following authorities:

Agricultural Marketing Act of 1946
Capper Volstead Act
Cotton Research and Promotion Act
Egg Research and Consumer Information Act
Export Apple and Pear Act
Export Grape and Plum Act
Federal Seed Act
National Wool Act of 1954
Plant Variety Protection Act
Potato Research and Promotion Act
Dairy and Tobacco Adjustment Act of 1983
Honey Research, Promotion and Consumer Information Act
Beef Promotion and Research Act of 1985
Pork Promotion, Research, and Consumer Information Act of 1985
Watermelon Research and Promotion Act

a. Federal Seed Act. This Act regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling and advertising of seed and the shipment of prohibited noxious-weed seed into a State. About 500 State seed inspectors are authorized to inspect seed subject to the Act. Seed samples are routinely drawn by State seed inspectors to monitor seed sold commercially. Should an inspection reveal infractions of the Act, a complaint may be referred to AMS by the cooperating State agency. Based on the results of the tests and investigations, AMS attempts to resolve each case administratively. If a case cannot be resolved administratively, AMS will initiate appropriate legal action. Intrastate infractions are subject to State laws.

Federal Seed Act Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Seed Testing:			
Seed samples tested in connection with:			
Interstate shipments	1,164	1,200	1,200
Check tests	747	750	750
Variety testing	1,997	2,200	2,200
Total number of samples tested	3,908	4,150	4,150
Interstate Enforcement:			
Cases for Investigation:			
Total to be investigated	1,894	1,600	1,600
Investigations completed	983	1,000	1,000
Pending at end of year	911	600	600
Administrative Actions:			
No action warranted	152	150	150
Warnings issued	696	700	700
Citations issued	137	150	150
Prosecutions recommended	--	--	--

	1989 Actual	1990 Estimate	1991 Estimate
Administrative Settlements:			
Settlements terminated	105	100	100
Settlements pending	3	--	--

b. Plant Variety Protection Act. This program offers legal protection to developers of novel varieties of sexually reproduced plants through the issuance of a certificate. These certificates assure developers exclusive rights to sell, reproduce, import, or export such varieties, or use them in the production of hybrids of different varieties for a period of 18 years. Fees are charged to those applying for certificates of protection and the funds are retained by the Department to fund the program.

Plant Variety Protection Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Backlog of applications, beginning of year	267	443	443
New applications received	330	260	260
Certificates issued	141	230	260
Applications abandoned	13	30	30
Pending applications, end of year	443	443	413
Number of years to process backlog applications	2.2	2.2	2.1

c. The Research and Promotion Acts. The various Research and Promotion Acts provide for the collection of an assessment from producers to carry out research and promotion activities for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, and watermelon. It is the responsibility of AMS to review and approve the budgets and the projects proposed by the research and promotion boards. Each research and promotion activity reimburses AMS for the cost of overseeing these programs.

Research and Promotion Programs
(Dollars in Millions)

	1989 Actual		1990 Estimate		1991 Estimate	
Programs	Assessments Collected	Funds Expended	Assessments Collected	Funds Expended	Assessments Collected	Funds Expended
Beef	$45.1	$43.3	$43.0	$50.0	$43.0	$50.0
Cotton	37.5	24.2	31.1	26.5	39.4	25.3
Dairy	76.8	84.1	77.5	88.8	79.1	90.6
Egg	4.3	4.0	7.2	7.1	7.2	7.2
Honey	2.5	2.2	2.0	3.7 a/	2.4	4.2 a/
Pork	24.7	25.0	25.7	26.0	25.7	26.0
Potato	6.0	6.7	5.9	9.2 a/	6.0	10.5 a/
Total	$196.9	$189.5	$192.4	$211.3	$202.8	$213.8

a/ Includes Targeted Export Assistance
Honey Board: 1990-$500,000; 1991-$1,150,000
Potato Board: 1989-$2,200,000; 1990-$4,000,000; 1991-$5,000,000

The Beef Promotion and Research Act became effective in July 1986. Assessments under the program began October 1, 1986. On May 10, 1988, producers decided on a referendum to continue the program by a vote of 79 percent in favor and 21 percent opposed. Refunds totaling $7,520,000 were mailed by August 25, 1988, to those producers and importers who requested them prior to the referendum. In accordance with the Act, the provision for refunds was terminated upon the Secretary's announcement of the results of the referendum on May 27, 1988.

The Pork Promotion, Research, and Consumer Information Program became effective as part of the 1985 Food Security Act. Assessments under this program began in November 1986. A referendum held September 7 and 8, 1988, determined that this program should be continued with 77.5 percent of voters in favor of its continuation and 22.5 percent opposed to it. The provision for refunds in the Act was terminated on September 27, 1988.

A hearing on the need for a research and promotion program, authorized under the Watermelon Research and Promotion Act of 1985, were held in February and March of 1987. A recommended decision based on hearing evidence, was published on March 7, 1988. After a comment period, the Secretary's decision was issued December 20, 1988, which directed that a referendum be conducted to determine whether the issuance of the proposed order was favored by producers and handlers. A referendum was conducted during February 1989 with a majority of both producers and handlers voting in favor of the proposed order. The order became effective on June 8, 1989. Full implementation of the order is scheduled for March 1990.

The Egg Research and Promotion Rules and Regulations were amended effective October 1, 1989, to establish procedures for obtaining a one-time refund, or pro rata share, of assessments collected and held in an interest-bearing escrow account in accordance with the Egg Research and Consumer Information Act Amendments of 1988. Refunds will be dispersed only if elimination of the refund provision from the Egg Research and Promotion Order is not approved by producers voting in a referendum during the summer of 1990. The amendments also provided for an increase in the rate of assessment from 2.5 cents to 5 cents per 30-dozen case of commercial eggs marketed. Funds available for research and promotion activities in 1990 are estimated to total $7.1 million (after escrow) and are based on a mandatory non-refundable 5-cent assessment program.

The Dairy Promotion and Research Order requires the Board to review the geographic distribution of milk production volume throughout the U.S. and, if warranted, recommend to the Secretary a reapportionment of the regions and/or a modification of numbers from regions to best reflect the geographic distribution of milk production. To reflect changes in milk production patterns in 1987, the Board proposed an amendment to the Order to modify the composition of the Board by adding one Board seat to Region 2 (California) and removing one Board seat from Region 5 (Minnesota, North Dakota and South Dakota). A proposed rule was published in the Federal Register on November 29, 1988, and a final rule amending the Order became effective on May 1, 1989. At the request of AMS' Administrator, the Office of Inspector General conducted an audit of the National Dairy Promotion Program funds. The audit issued on July 18, 1988, made 10 recommendations to correct management weaknesses. These recommendations related to AMS oversight over qualified programs, to the collection of assessments from responsible persons, and to a lack of coordination in national advertising. All recommendations have been resolved.

4. Wholesale Market Development:

Activities in this program are carried out under the authority of the Agricultural Marketing Act of 1946.

The Wholesale Market Development Program conducts research and provides technical assistance aimed at improving food marketing efficiency. It emphasizes the most effective types of facilities needed to market farm products and to distribute food within urban areas and assesses alternative marketing systems and practices. Projects are conducted in cooperation with growers, trade groups, individual food companies, and State and local governments.

Program activities for 1990 are divided among projects initiated in prior years, technical assistance to help implement previous studies, and high-priority new projects from a growing backlog of study requests. Among continuing market center projects, emphasis is focused on studies of potential food center development in the greater Phoenix area; revitalization and expansion of produce market facilities at Benton Harbor, Michigan; and the potential relocation of wholesale meat facilities in Harlem to the Hunts Point Food Center in New York City. Additional work is also underway on cooperative research projects in Florida. These projects emphasize the roles of state farmers' markets and wholesale produce market centers in the distribution of fresh produce; in New York State, dealing with potential applications of central refrigeration technology on wholesale food centers; and in Georgia on alternative locations for quality-enhancing facilities for fresh produce in relation to a state system of farmers' markets.

Technical assistance and followup research to support state and local efforts to implement previous studies is important to the ongoing expansion of the Central New York Regional market at Syracuse; to the continuing development of the Maryland Wholesale Food Center servicing Baltimore and the Mid-Atlantic region; to the relocation and expansion currently underway for the Raleigh, North Carolina State Farmers' Market; and to move forward with locational, financial, and organizational planning for proposed new markets in San Diego, California; Southern New Jersey; and Buffalo, New York.

New food center and/or farmers' market studies which are still in preliminary research stages and will require significant further efforts in 1991 include: Cleveland, Ohio--to assess alternatives to expand and modernize wholesale food facilities and improve market access for Ohio farmers; and Columbia, South Carolina--to evaluate alternatives and assess the feasibility of a major agribusiness and farmers' market complex. Additional requests have also been received for a number of potentially large scale studies as well as several projects more limited in scope. These additional requests are being evaluated and may be initiated consistent with program resources.

Other market development activities planned for 1990 are identified as needed to improve food safety, reduce the cost of marketing and help farmers in assessing alternative marketing opportunities. Activities to assess alternative marketing opportunities include studies of (1) processing, cooling, packaging and test marketing of farm-raised hybrid striped bass in Maryland, (2) catfish marketing in Oklahoma and Kentucky, (3) Shiitake mushroom marketing in Virginia and Wisconsin, (4) certification program for producers of organically-grown fresh fruits and vegetables, (5) production and test shipments of fresh vegetables from Oregon-Washington to Pacific Rim countries, (6) feasibility of establishing a farmers' market in northern Kentucky, (7) feasibility of an alfalfa cubing plant, and (8) centralized marketing of fresh vegetables by 14 small farmer cooperatives constituting the Horticultural Producers Federation. Activities to improve food safety and reduce marketing costs include: (1) universal product code development for variable weight produce, (2) methods and facilities for disinfestation of grapefruit, (3) evaluation of the potential for modularization in the frozen food industry, (4) providing economic engineering assistance to groups seeking to improve handling methods and facilities for grading and packing farm products, and (5) a study of washing broiler transport cages to reduce Salmonella.

Wholesale Market Development Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Wholesale market facilities studies completed	5	3	3
Research projects completed	4	6	7

OIG Reports:

#01061-11-At	8/89	Egg Products Inspection (EPI) Program - the audit recommended several actions to improve the effectiveness and efficiency of the EPI program.

MARKETING SERVICES

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of $1,328,000 for market news ($16,366,000 available in 1990) consisting of:

(a) an increase of $443,000 for the 1989 pay raise and $176,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) an increase of $174,000 to offset increased operating costs.

An increase is needed to maintain agency efforts to collect, analyze, and disseminate timely market news information. Resources will be increased to provide the funding necessary to continue current program levels.

(c) an increase of $535,000 to enhance market news activities.

Need for Change. The major role of the market news program is to collect and develop information for dissemination to the public, as well as to other USDA organizations, and state and federal agencies and institutions. Producers, dealers, wholesalers, and agricultural analysts rely on this information for their very livelihoods. The current method of preparing reports requires complete rekeying of many items of information by the market news personnel. The reports are in narrative form with data embedded in the text. There is no current system for storing and retrieving information; each report format has to be prepared individually. Market news personnel manually go through hard copies to retrieve requested information. Information users, both federal and private, now pull data from hard copy reports and rekey it in a form that can be used in analysis. It is estimated that most of the market news information items are rekeyed a total of a hundred times each day by AMS, other USDA users, and the public.

Nature of Change. The database being developed will allow market news personnel to enter the data once and retrieve it many times, in many forms. Reports generated from the system will be in a format that users can use without rekeying; narrative and data will be separated. The creation of this relational database will not only enhance the Market News offices' operations and increase the users' analytical capabilities without rekeying, but will also reduce the chance of error that rekeying introduces.

(2) A net increase of $1,792,000 for inspection and standardization ($13,344,000 available in 1990) consisting of:

(a) an increase of $367,000 for the 1989 pay raise and $157,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) an increase of $164,000 to offset increased operating costs.

An increase is needed to keep commodity grade standards current and to make inspection services available to all who require or request them. Resources will be increased to provide the funding necessary to continue current program levels.

(c) an increase of $1,104,000 to fund increased costs for Egg Products Inspection.

Need for Change. An increase is needed to reduce the risk of foodborne disease outbreaks in the egg industry. Diseases such as Salmonella and new techniques in food processing and preservation, which give rise to previously unrecognized microorganisms, create the need for intensified surveillance of egg products processing. In addition, industry's tendency toward a wider use of pesticides, animal drugs and other chemicals to maintain levels of production necessitates strengthening of surveillance programs to investigate and control the movement of potentially adulterated egg products. Increased surveillance of egg products processing is necessary to meet the requirements of the Egg Products Inspection Act.

Nature of Change. Funding will permit AMS to monitor potential microbiological contamination in egg processing facilities by evaluating utilization of standards for food as established by the Hazard Analysis Critical Control Points (HACCP) system. Under this system identification and assessment of hazards associated with growing, harvesting, processing, marketing, preparation, and use of a given raw material or food product are made at key points in the production process. A surveillance program will be expanded to see if foodborne pathogens of emerging concern are potential problems in egg products. Existing surveillance programs would be strengthened to keep pace with the industry's tendency toward a wider use of pesticides, animal drugs and other chemicals to maintain current levels of production.

(3) A net increase of $15,899,000 for market protection and promotion ($1,838,000 available in 1990) consisting of:

(a) an increase of $46,000 for the 1989 pay raise and $18,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) an increase of $19,000 to offset increased operating costs.

An increase is needed to allow the Agency to provide full services for the market protection and promotion programs. Resources will be increased to provide the funding necessary to continue current program levels.

(c) an increase of $15,816,000 for pesticide residue testing.

Need for Change. This increase is part of a Department-wide food safety initiative in response to consumer and producer concerns over pesticide residue in food. Food safety is a major concern because of the recent attention focused on salmonella, Alar, cyanide on imported grapes and other food contamination issues. There is a need for comprehensive information regarding chemical use on agricultural crops. Nationwide pesticide usage data will allow USDA to develop its ability to proactively deal with public concerns about pesticide usage and will augment Environmental Protection Agency and Food and Drug Administration efforts. USDA costs for the first year of this program are estimated at $25 million and an additional $15 million in subsequent years.

Nature of Change. Agencies within USDA, including AMS, the National Agricultural Statistics Service (NASS), the Economic Research Service (ERS) and the Human Nutrition Information Service (HNIS), will initiate related efforts to develop nationwide pesticide usage data. AMS involvement will focus on providing the information needed to determine actual exposure to pesticides levels in the food supply and to reassure consumers. AMS will work with the States to coordinate a national pesticide monitoring-program. The first phase will focus on fresh fruits and vegetables in high-producing States. In subsequent years, efforts will be expanded to include other States or commodities. The States will sample and test commodities within-market distribution channels for pesticide residues. NASS will collect on-farm pesticide use data to support the water quality program and other environmental studies. It will also determine chemicals to isolate in the AMS national residue monitoring program. ERS will analyze the impacts on the producer and consumers of alternative regulations and policies currently in effect for pesticide use. HNIS will estimate the probable pesticide exposure in diets for various segments of the population.

(4) An increase of $61,000 for Wholesale Market Development to offset increased pay costs ($1,623,000 available in 1990).

(a) an increase of $43,000 for the 1989 pay raise and $18,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

Agricultural Marketing Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	1991		
	Current Law	Program Changes	President's Request
Market News Service	$17,694,000	-$30,000	$17,664,000
Inspection, Grading and Standardization	15,136,000	-3,895,000	11,241,000
Market Protection and Promotion.....	17,737,000	-826,000	16,911,000
Wholesale Market Development.....	1,684,000	--	1,684,000
Conversion Costs.....	--	+320,000	320,000
Total Available.....	52,251,000	-4,431,000	47,820,000

Explanation of Proposed Legislation:

The Agricultural Marketing Service provides market news information to the agricultural community. Subscription fees are currently charged to cover the cost of postage, printing and handling for all printed commodity reports except for tobacco reports. This proposal would allow user fees to be charged to recover these costs for all commodities.

AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes for use in the voluntary grading programs. This proposal would shift the funding source from appropriated to user fees. The cost for commodity standards would be charged to users of the grading programs as a part of the grading fees.

Market development and assistance is provided through economic and statistical analysis of commodity markets for use in the marketing agreements and orders program. The budget includes a proposal to recover costs of this program through user fees.

The request of $320,000 is for leave and other liabilities accrued by the program under appropriated funding. If appropriated funds are not provided, these liabilities would be unfairly shifted to the user fee program.

Agricultural Marketing Service
Marketing Services
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	$566,706	12	$575,000	12	$629,000	12
Alaska	6,554	--	7,000	--	8,000	--
Arizona	253,517	7	262,000	7	284,000	7
Arkansas	364,758	8	378,000	8	434,000	9
California	2,047,131	47	2,117,000	49	2,390,000	50
Colorado	369,271	10	382,000	10	415,000	10
District of Columbia.	14,047,609	192	13,668,000	180	17,229,000	205
Florida	333,516	9	345,000	9	385,000	9
Georgia	619,824	15	641,000	15	715,000	16
Hawaii	8,987	--	9,000	--	11,000	--
Idaho	72,860	2	75,000	2	81,000	2
Illinois	681,151	18	703,000	18	761,000	18
Indiana	422,061	9	437,000	9	502,000	10
Iowa	2,273,065	54	2,350,000	54	2,653,000	55
Kansas	166,981	4	172,000	5	187,000	5
Kentucky	100,771	3	104,000	3	113,000	3
Louisiana	140,428	3	145,000	4	158,000	4
Maine	104,743	2	108,000	2	123,000	2
Maryland	143,848	4	142,000	4	157,000	4
Massachusetts	175,285	5	181,000	5	196,000	5
Michigan	91,497	2	95,000	2	102,000	2
Minnesota	863,090	20	892,000	20	1,012,000	21
Mississippi	242,938	5	251,000	5	285,000	6
Missouri	827,046	19	850,000	19	938,000	19
Montana	64,774	2	67,000	2	73,000	2
Nebraska	375,441	10	388,000	10	419,000	10
New Jersey	691,059	16	715,000	16	807,000	17
New York	623,175	16	644,000	16	711,000	16
North Carolina	953,413	21	986,000	21	1,130,000	22
Ohio	261,382	6	270,000	6	308,000	6
Oklahoma	168,645	4	174,000	4	188,000	4
Oregon	182,394	4	188,000	4	209,000	4
Pennsylvania	601,411	15	622,000	15	692,000	15
Puerto Rico	36,628	1	38,000	1	44,000	1
South Carolina	521,764	10	538,000	10	582,000	10
South Dakota	129,223	3	133,000	3	144,000	3
Tennessee	1,333,438	32	1,361,000	32	1,459,000	32
Texas	765,570	20	791,000	20	866,000	20
Utah	50,205	1	52,000	1	60,000	1
Virginia	20,607	--	21,000	--	25,000	--
Virgin Islands	7	--	--	--	--	--
Washington.....	510,563	12	527,000	12	589,000	13
West Virginia	69,485	2	71,000	2	79,000	2
Wisconsin	596,845	14	617,000	14	713,000	14
Wyoming	76,362	2	79,000	2	85,000	2
Undistributed a/	--	--	--	--	13,300,000	--
Total, Available or Estimate	$32,956,028	641	$33,171,000	633	$52,251,000	668

a/ Distribution of obligations for Food Safety Initiative not available until States have been selected for funding.

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Payments to States and Possessions:

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), [$1,250,000] $942,000.

PAYMENTS TO STATES AND POSSESSIONS

Appropriation Act, 1990	$1,250,000
Budget Estimate, 1991	942,000
Decrease in Appropriation	-308,000

Adjustments in 1990		
Appropriation Act, 1990	$1,250,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-14,000	
Adjusted base for 1990		1,236,000
Budget estimate, 1991		942,000
Decrease from adjusted 1990		-294,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Payments for marketing service work under Section 204(b) of the Agricultural Marketing Act of 1946	$942,000	$1,236,000	-$294,000	$942,000
			(1)	
Total, available or estimate	942,000	1,236,000	-294,000	942,000
Gramm-Rudman-Hollings Reduction	--	14,000		
Total appropriation	942,000	1,250,000		

EXPLANATION OF PROGRAM

The Federal-State Marketing Improvement Program is authorized by Section 204(b) of the Agricultural Marketing Act of 1946. This legislation also grants the U.S. Department of Agriculture authority to establish cooperative agreements with State Departments of Agriculture or similar State agencies. These agreements make possible joint efforts to improve the efficiency of the agricultural marketing chain. The States perform the work or contract it to others, and must contribute at least half of the cost of the projects.

Payments are made to State marketing agencies to: identify and market test alternative farm commodities; determine methods of providing more reliable market information, and develop better commodity grading standards. This program has covered many types of projects, such as electronic marketing and agricultural product diversification. The general themes of the current projects include the adaptation of new technology to the marketing of farm products, and seeking new outlets for existing farm produced commodities.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of $294,000 for the Payments to States and Possessions program ($1,236,000 available in 1990).

Need for Change. Federal funds have been provided to States to pay up to half the cost of pilot-testing cooperatively sponsored projects proposed by the States to solve local marketing problems. Funding is requested at a level equal to that provided in previous years.

Nature of Change. Federal matching funds will be provided to assist States in funding projects to deal with specific State or local marketing problems.

Agricultural Marketing Service
Payments to States and Possessions
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1989 and Estimated 1990 and 1991

	1989	1990	1991
Alabama	$30,000		
Arkansas	47,445		
Colorado	100,000		
Florida	50,000		
Idaho	60,000		
Kansas	30,000		
Kentucky	26,744		
Louisiana	20,000		
Maryland	86,934		
Massachusetts	87,595		
Michigan	60,000		
Missouri	45,000		
Nebraska	56,000		
New Jersey	23,850		
North Dakota	63,444		
Texas	47,320		
Vermont	15,000		
Virginia	39,546		
Wyoming	53,122		
Total, Available or Estimate	$942,000	$1,236,000 a/	$942,000 a/

a/ Distribution of obligations by State not available until projects have been selected for funding in 1990 and 1991.

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

Appropriation Act, 1990 (from receipts)	$5,675,000
Budget Estimate, 1991 (from receipts)	5,675,000
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual		1990 Estimated		Increase or Decrease	1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years		Amount	Staff-Years
Licensing dealers and handling complaints.....	$5,517,546	125	$5,423,000	129	+$252,000	$5,675,000	129
Unobligated balance available start of period..	-844,734	--	-895,774	--	-252,000	-1,147,774	--
Unobligated balance available end of period....	895,774	--	1,147,774	--	--	1,147,774	--
Total available or estimate.....	5,568,586	125	5,675,000	129	--	5,675,000	129

OBLIGATION LEVELS
(On basis of available funds)

Item	1989 Actual	1990 Estimated	1991 Estimated
Appropriation (from receipts)	$5,568,586	$5,675,000	$5,675,000
Unobligated balance available, start of period	844,734	895,774	1,147,774
Total available	6,413,320	6,570,774	6,822,774
Total obligations	-5,517,546	-5,423,000	-5,675,000
Unobligated balance available, end of period	895,774	1,147,774	1,147,774

EXPLANATION OF PROGRAM

PERISHABLE AGRICULTURAL COMMODITIES ACT

This program is carried out under the Perishable Agricultural Commodities Act and the Produce Agency Act.

These Acts are designed to: (1) protect producers, shippers, distributors and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others.

Commission merchants, dealers, brokers, and retailers engaged in the business of handling fresh or frozen fruits and vegetables in interstate or foreign commerce must be licensed under the Perishable Agricultural Commodities Act (PACA). Buyers and sellers must fulfill the terms of contractual agreements, and buyers must pay promptly for their purchases.

Traders who have been found in a formal proceeding to have violated the prompt payment provision of this Act are penalized by restrictions on trading in the industry for a specific period of time. When eligible to resume trading, they are required to post surety bonds before resuming operations. False or misleading statements, misbranding, and similar violations are prohibited.

To increase protection and avert financial losses to growers and licensed firms, the Perishable Agricultural Commodity Act was amended in May 1984 to create a statutory trust. This statutory trust provision requires traders to have sufficient assets on hand to meet their obligations to fruit and vegetable suppliers. Sellers of fruits and vegetables who have not been paid are secured under this legislation until full payment is made. These sellers are also secured in the event the buyer files for bankruptcy or becomes insolvent. This amendment also improves the timeliness of payment.

Complaints of violations are investigated and violations dealt with by: (1) informal agreements between the two parties; (2) formal decisions involving payment of reparation awards; and/or (3) suspension or revocation of license and/or publication of the facts. Any interested party or group may request AMS assistance in settling disputes under the Perishable Agricultural Commodities Act.

License fees are deposited into a special fund and are used to meet the costs of administering these Acts. The annual PACA license fee is $300, plus $150 for every branch or business facility above nine, up to a maximum annual fee of $3,000.

Perishable Agricultural Commodities Act Workload Data:

	1989 Actual	1990 Estimate	1991 Estimate
Licensing Activities:			
Licenses renewed	18,735	18,800	18,800
New licenses issued	1,961	2,000	2,100
In effect, end of year	15,486	15,500	15,525
Actions Completed: *			
License actions	18,735	18,800	18,800
Reparation actions	54,000	54,500	55,000
Disciplinary actions	285	300	325
Personal investigations	2,135	2,200	2,250
Statutory Trust actions	76,000	90,000	100,000
Misbranding actions	621	650	675
Total Actions Completed	151,776	166,450	177,050
Reparations: (Dollars in Thousands)			
Awarded - Formal orders	$9,487	$9,500	$10,000
Payments - Amicable settlements	11,900	12,500	13,000
Total Reparations	$21,387	$22,000	$23,000
Statutory Trust			
Notices Filed	76,000	90,000	100,000
Refunds to sellers (Dollars in Millions)	$325	$400	$425

* Statutory Trust Notices included in Actions Completed.

Agricultural Marketing Service
Perishable Agricultural Commodities Act-
Geographic Breakdown of Obligations and Staff-Years
1989 and Estimate 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
California	$566,212	14	$556,000	14	$582,000	14
District of Columbia...	3,490,294	75	3,431,000	78	3,590,000	78
Illinois.....	436,299	11	429,000	11	449,000	11
New York.....	502,533	12	494,000	13	517,000	13
Texas.....	522,208	13	513,000	13	537,000	13
Total, Available or Estimate.....	$5,517,546	125	$5,423,000	129	$5,675,000	129

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

Not to exceed [$37,962,000] $40,162,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: Provided, That if crop size is understated and/or other uncontrollable events occur, the Agency may exceed this limitation by up to 10 percent with notification to the Appropriation Committees.

Limitation on Administrative Expenses

Appropriation Act, 1990	$37,962,000
Budget Estimate, 1991	40,162,000
Increase in Limitation	+2,200,000

The increase of $2,200,000 in the limitation on administrative expenses is needed to fund increased operating costs in 1991.

This change proposes additional language which will allow the Agency to exceed the limitation by up to 10 percent upon notification of the Appropriation Committees. This provision would only be implemented if the limitation would not be sufficient to allow for all commodities to be graded due to unanticipated increased crop production, a higher level of tobacco imports, or the occurrence of other uncontrollable factors, such as increases for pay costs, FERS, health benefits, and per diem. This limitation applies to the tobacco and cotton grading programs, from which all costs are paid by the users of the service.

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of five replacements and three additional motor vehicles.

The estimated number of passenger motor vehicles available for 1991 are the minimum necessary to maintain essential services in AMS programs. These cars are used to provide the following necessary services: (1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; (2) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and (3) carrying boxes of cotton standards types used in classing work and demonstration at farmers' meetings.

Additional passenger motor vehicles. Three additional passenger motor vehicles are requested for use in the commodity scientific support program. The commodity scientific support program conducts laboratory activities which involve the collection of commodity samples for testing. These commodity samples must be transported from field sites to regional laboratories. It is more cost-effective for the government to provide cars to transport graders to collect samples than to pay expenses incurred for the use of a private car.

The regional offices for the commodity scientific support program are located in Chicago, IL, and Gastonia, NC. Thus, vehicles used in this program would be based in these cities.

Replacement of passenger motor vehicles. Replacement of five of the 62 vehicles now in operation is proposed. All vehicles proposed to be replaced are expected to have mileage over 60,000 or will be more than six years of age.

The age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

Age Data

Age-Year Model	Number of Vehicles	Percent of Total
1983 or older	7	11
1984	3	5
1985	10	16
1986	3	5
1987	3	5
1988	30	48
1989	6	10
Total	62	100

Mileage Data

Lifetime Mileage	Number of Vehicles	Percentage of Total
80-100	8	13
60-80	7	11
40-60	6	10
20-40	27	43
Under 20	14	23
Total	62	100

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds For Strengthening Markets, Income and Supply (Section 32):

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [$8,007,000] $8,526,000 for formulation and administration of Marketing Agreements and Orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32) -- CURRENT LAW

Permanent Appropriation, 1990		$4,799,509,749
Less transfers to:		
Department of Commerce to promote and develop fishery products and research pertaining to American fisheries		-61,935,317
Food and Nutrition Service, Child Nutrition Programs		-4,156,554,000
Total transfers		-4,218,489,317
Adjusted Base for 1990		581,020,432
Budget Estimate, 1991:		
Annual permanent appropriation	$5,068,142,328	
Less transfers to:		
Department of Commerce	-61,900,000	
Food and Nutrition Service	-4,632,259,000	
Total transfers	-4,694,159,000	
Budget Estimate, 1991		373,983,328
Decrease from adjusted 1990		-207,037,104

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Commodity Purchases	$366,300,000	--	-$15,400,000	$350,900,000
Disaster Relief	14,150,000	--	-14,150,000	--
Sunflower and Cottonseed Oil Purchases	30,000,000	--	-30,000,000	--
Commodity Purchase Services	4,279,000	+$72,000	+1,320,000	5,671,000
Marketing Agreements and Orders	7,895,000	+184,000	+447,000	8,526,000
Total Available	422,624,000	+256,000	-57,783,000	365,097,000

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
1. Commodity Purchases							
a. Child Nutrition Program Purchases	$342,070,658	--	$350,900,000	--	--	$350,900,000	--
b. Emergency Surplus Removal	7,358,550	--	15,400,000	--	-$15,400,000(1)	--	--
Subtotal	349,429,208	--	366,300,000	--	-15,400,000	350,900,000	--
2. Diversion Payments	9,492,402	--	--	--	--	--	--
3. Disaster Relief	--	--	14,150,000	--	-14,150,000(2)	--	--
4. Sunflower & Cottonseed Oil Purchases	20,000,000	--	30,000,000	--	-30,000,000(3)	--	--
5. Administrative Funds							
a. Commodity Purchase Services	3,516,356	25	4,279,000	38	+1,392,000	5,671,000	38
b. Marketing Agreements & Orders	7,585,245	117	7,895,000	121	+631,000	8,526,000	127
Subtotal	11,101,601	142	12,174,000	159	+2,023,000(4)	14,197,000	165
Total obligations	390,023,211	142	422,624,000	159	-57,527,000	365,097,000	165
Unobligated balance available, start of year	-116,867,619	--	-132,717,240	--	-158,396,432	-291,113,672	--
Unobligated balance available end of year	132,717,240	--	291,113,672	--	+8,886,328	300,000,000	--
Total Available or Estimate	405,872,832	142	581,020,432	159	-207,037,104	373,983,328	165

OBLIGATION LEVELS
(On basis of available funds)

Item	1989 Actual	1990 Estimated	1991 Estimated
Appropriation or estimate	$4,552,833,158	$4,799,509,749	$5,068,142,328
Unobligated balance available, start of year	116,867,619	132,717,240	291,113,672
Total available	4,669,700,777	4,932,226,989	5,359,256,000
Less transfers to:			
Food and Nutrition Service, Child Nutrition Programs	-4,093,272,000	-4,156,554,000	-4,632,259,000
Department of Commerce	-53,688,326	-61,935,317	-61,900,000
Total transfers	-4,146,960,326	-4,218,489,317	-4,694,159,000
Total available after transfers	522,740,451	713,737,672	665,097,000
Less total obligations	-390,023,211	-422,624,000	-365,097,000 a/
Unobligated balance available, end of year	132,717,240	291,113,672	300,000,000

a/ Under proposed legislation, total obligations in 1991 will be decreased to $356,828,000.

EXPLANATION OF PROGRAM

Under Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to $300 million are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal up to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additionally funds are transferred to the Food and Nutrition Service for use by the Child Nutrition Programs as provided in the current Appropriation Act.

Commodity Purchases:

Pursuant to Section 32, the Agricultural Marketing Service (AMS) directs the purchase of commodities such as meats and fish, fruits and vegetables, and poultry in order to stabilize market conditions and provide commodities for distribution through the Food and Nutrition Service to schools as part of the entitlement for the National School Lunch Program. In addition, AMS puchases commodities for other domestic feeding programs of the Food and Nutrition Service (FNS). AMS is reimbursed by FNS for the administrative costs associated with purchases made for FNS domestic feeding programs. Commodities purchased for market stability purposes are donated to eligible schools for public or private institutions that operate meal programs.

Commodity Purchase Services Workload Data:

	1989 Actual	1990 Estimated	1991 Estimated
Contract bids received:			
Fruits and Vegetables	742	775	820
Meat and Fish	877	775	750
Poultry	522	575	600
Total	2,141	2,125	2,170
Contracts awarded:			
Fruits and Vegetables	401	430	450
Meat and Fish	580	520	500
Poultry	332	400	420
Total	1,313	1,350	1,370

Summary of Purchases by Commodity Group
(In thousands)

Commodity Group	1988 Actual Pounds	1988 Actual Obligations	1989 Actual Pounds	1989 Actual Obligations
Poultry.....	98,587	$69,105	79,507	$59,782
Meat	188,966	213,170	167,734	194,381
Fruit	257,939	100,824	168,774	75,169
Vegetables	222,010	64,896	58,826	20,097
Total	767,502	$447,995	474,841	$349,429

Section 32 Commodity Purchases
1988 and 1989
(In thousands)

Item	1988 Actual Pounds	1988 Actual Obligations	1989 Actual Pounds	1989 Actual Obligations
Apple Juice, Canned	37,111	$9,422	--	--
Apple Slices, Canned	12,372	5,133	--	--
Apples, Fresh	7,741	1,387	8,135	$1,867
Applesauce	52,378	12,898	26,116	7,605
Apricots, Canned	--	--	10,146	5,301
Beans, Dry	12,006	2,449	17,055	5,164
Beans, Green, Canned	--	--	15,172	5,672
Beans, Green, Frozen	--	--	1,743	961
Beans, Refried, Canned.....	5,220	1,402	4,066	1,337
Beans, Vegetarian	14,475	2,680	11,060	2,535
Beef, Boneless, Frozen	1,260	1,427	252	298
Beef, Bulk, Frozen, Ground ..	103,974	119,412	86,083	103,058
Beef, Canned	288	403	688	1,059
Beef Patties	26,635	27,835	15,582	17,143
Blackberries, Frozen	624	419	1,865	1,185
Cherries, Red, Frozen	18,364	6,801	13,452	6,388
Chicken, Breaded	--	--	468	518
Chicken, Bulk, Chilled	1,938	1,106	--	--
Chicken, Frozen, Cut-Up	35,539	20,763	41,598	26,951
Chicken, Patties	2,242	2,880	--	--
Chicken, Whole, Frozen	--	--	4,859	2,865
Corn, Canned	14,059	3,793	--	--
Corn, Frozen	3,468	1,496	--	--
Date Pieces	6,105	4,800	3,300	2,258
Egg Mix	3,944	4,998	--	--
Eggs, Whole, Frozen	21,607	9,991	--	--
Figs, Dried	2,001	2,031	2,001	1,773
Ham, Cooked, Frozen	4,619	6,939	14,494	19,846
Luncheon Meat	756	1,026	324	428
Mixed Fruit, Canned	12,530	5,913	9,324	4,689
Mixed Vegetables, Frozen	13,704	4,546	--	--
Peaches, Canned	14,915	6,836	518	246
Peaches, Frozen, Diced	--	--	1,218	597
Peaches, Frozen, Sliced	--	--	9,496	4,614
Peaches, Frozen	573	324	6,669	3,889
Pears, Canned	38,936	15,187	3,969	1,684
Pears, Canned, Halves	--	--	13,463	5,700
Pears, Canned, Diced	--	--	7,903	3,301
Pears, Canned, Sliced	--	--	8,418	3,595
Pears, Fresh	7,760	2,193	11,155	2,684
Peas, Canned	--	--	9,730	4,428
Pineapple, Canned	18,153	7,247	--	--
Pineapple, Canned, Chunks ...	--	--	6,898	2,578
Pineapple, Canned, Crushed ..	--	--	424	181
Pineapple, Canned, Tidbits ..	--	--	16,486	6,163
Plums, Canned	3,699	990	--	--
Pollock Nuggets, Frozen	10,433	12,719	13,672	15,751
Pork, Boneless, Frozen	--	--	42	40
Pork, Frozen, Ground	33,816	33,524	31,335	29,586
Potato Rounds, Frozen	51,860	15,872	--	--
Potatoes, French Fries	74,887	20,928	--	--

Item	1988 Actual Pounds	1988 Actual Obligations	1989 Actual Pounds	1989 Actual Obligations
Potatoes, Sweet, Mashed	832	183	--	--
Potatoes, Sweet, Syrup Pack .	6,854	1,945	--	--
Prunes, Dried	12,954	7,803	3,827	2,713
Raisins	7,449	4,870	--	--
Tomatoes, Canned	7,494	2,790	--	--
Tomatoes Crushed, Canned	12,591	4,511	--	--
Tomato Paste	4,621	2,315	--	--
Tuna, Canned	7,185	9,884	5,262	7,172
Turkey, Chilled	3,744	1,747	8,654	5,491
Turkey, Frozen, Ground	--	--	3,825	2,635
Turkey, Roast	19,026	21,056	10,163	14,476
Turkey, Whole, Frozen.....	10,547	6,564	9,940	6,846
Walnuts, English	4,273	6,570	3,991	6,158
Miscellaneous	(60)	(13)	--	--
Total	767,502	$447,995	474,841	$349,429

Federal Food Specifications:

AMS also develops, coordinates, and approves Federal food product descriptions and establishes quality assurance policies and procedures for the procurement of food by USDA, the Department of Defence, Indian Health Service, National Institutes of Health, Bureau of Prisons, and the Veteran Administration. The major goal of this program is to update and streamline Federal food specifications to improve the cost efficiency of Federal food purchasing by using Commercial Item Descriptions wherever possible.

Federal Food Specification Workload Data:

	1989 Actual	1990 Estimated	1990 Estimated
Commercial Item Descriptions (CID's) developed, coordinated and approved	10	21	21
CID's revised	2	2	2
Federal Specifications approved	1	2	2
Documents cancelled	19	11	6
Department of Defense food documents coordinated	71	90	90
Food product description reviewed	61	51	51
Federal specifications amended	1	1	1

Marketing Agreements and Orders:

The marketing agreements and orders program is authorized by the Agricultural Marketing Agreement Act of 1937. Section 32 funds authorized under 7 U.S.C. 1392b are used by the Department for administering marketing agreements and orders programs at the national level and for public hearings and referenda to determine producer sentiment concerning new programs and proposed revisions of marketing orders already in effect. Administration at the local level is financed through handler assessments.

Marketing orders are designed to stabilize market conditions and to improve the returns for fluid milk and fruit and vegetable producers. Stabilized market conditions are accomplished by: (1) establishing minimum prices which handlers pay to dairy producers; and (2) regulating the quality and quantity of fruits and vegetables sold in commercial channels.

The orders are requested by producers and handlers. Evaluations and hearings on proposed marketing orders are conducted by AMS. Proposed orders are subject to approval by producers of the regulated commodity. Once approved, the Secretary issues the marketing order and sets the effective date of the order.

Marketing Agreements and Orders Workload Data:

	Fluid Milk Orders			Fruit, Vegetable and Specialty Crop Orders		
	1989 Actual	1990 Est.	1991 Est.	1989 Actual	1990 Est.	1991 Est.
Agreements and orders programs in effect.....	41	42	38	46	47	48
Requests received for new programs.....	--	--	--	--	3	3
Hearings and Petitions:						
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	4	6	6	1	4	3
Amendments issued	12	9	8	1	3	3
Suspensions issued	17	15	15	--	--	--
Petitions received for review of orders	9	10	10	--	--	--
Petitions disposed of during the year	9	10	10	3	3	3
Administrator's decisions issued	5	5	5	3	4	3
Secretary's decisions issued	4	5	5	3	4	3
Secretary's referendum orders issued	2	2	2	1	1	1
Termination orders issued	6	5	5	--	--	--
Order Operation and Enforcement:						
Regulatory orders issued	N/A	N/A	N/A	107	110	120
Investigation of alleged violations	60	65	60	80	120	120
Cases referred to the Department of Justice for prosecution	5	15	10	10	20	20
Court cases resolved	4	10	15	21	35	40
15A Petitions received for review	2	10	10	4	6	6
15A Petitions disposed of during the year	4	10	10	2	6	6
Freedom of Information requests .	13	15	15	37	45	45
Order Management:						
Appointment of an administrative committee	N/A	N/A	N/A	34	37	40
Promulgation of informal rulemaking	N/A	N/A	N/A	25	30	35
Budgets approved	16	16	16	43	45	46

SECTION 32
JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of $15,400,000 for emergency surplus removal purchases. The budget customarily does not anticipate this need in the budget year.

(2) A decrease of $14,150,000 for disaster relief purchases. The budget customarily does not anticipate this need in the budget year.

(3) A decrease of $30,000,000 for the purchase of sunflower and cottonseed oil. This purchase was authorized for 1990 in the Rural-Development, Agriculture, and Related Agencies Appropriations Act, (P.L. 101-161). Sunflower and cottonseed oil purchases are not proposed in 1991.

(4) An increase of $2,023,000 for administrative expenses ($12,174,000 available in 1990) consisting of:

(a) an increase of $72,000 which represents 50 percent of the 1991 pay raise for the commodity purchase services program. The remaining 50 percent of the 1991 pay raise is being absorbed.

(b) an increase of $88,000 to offset increased operating costs for the commodity purchase services program.

An increase is needed to continue stabilizing market conditions through the purchase of commodities. Resources will be increased to provide the funding necessary to continue current program levels.

(c) an increase of $184,000 which represents 50 percent of the 1991 pay raise for the marketing agreements and orders program. The remaining 50 percent of the 1991 pay raise is being absorbed.

(d) an increase of $95,000 to offset increased operating costs for the Marketing Agreements and Orders program.

An increase is needed to provide effective oversight of Marketing Agreements and Orders activities. Resources will be increased to provide the funding necessary to continue current program levels.

(e) an increase of $1,232,000 for the Processed Commodities Inventory Management System (PCIMS).

Need for Change. The data systems that have been used by the Agricultural Marketing Service, the Food and Nutrition Service and the Agricultural Stabilization and Conservation Service to purchase, store, and deliver commodities were developed to meet individual agency requirements. As a result, data cannot be readily exchanged between agencies. In order to maximize the removal of surplus commodities from the market and supply food for the National School Lunch program, a compatible data system is being developed. The system will result in the ability to purchase commodities more efficiently by reducing the commodity purchase processing time.

Nature of Change. An integrated purchasing system is being developed. Funding is needed to pay for computer operating costs and contractor support for this system.

(f) an increase of $352,000 to improve the administration of Marketing Agreements and Orders programs.

Need for Change. Additional funding is needed to provide more frequent reviews of marketing order operations, and to provide enhanced analysis of rulemaking and industry/committee proposals. Also, additional funding is needed to carry out the provisions of the Agricultural Agreement Act of 1937 which permits civil penalties on handlers who violate a marketing order provision. Over the last several years, the number of marketing orders and regulations have grown and our resources to adequately review these orders have been severely strained.

Nature of Change. Funding is needed to provide resources necessary to assure that marketing orders comply with authorizing legislation. Six additional marketing specialists will be hired to perform these functions.

Funds for Strengthening Markets, Income, and Supply
(Section 32)

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
Commodity Purchases	$350,900,000	--	$350,900,000
Commodity Purchase Services	5,671,000	--	5,671,000
Marketing Agreements and Orders	8,526,000	-$8,526,000	--
Conversion Costs	--	+257,000	257,000
Total Available	365,097,000	-8,269,000	356,828,000

Federal costs of administering marketing agreements and orders, which help stabilize market prices and supply for certain commodities, are presently funded through the Section 32 appropriation. However, costs of administering marketing agreements and orders at the local level are funded through assessments on regulated handlers.

Since the Federal administrative services are done to directly support the local operations, this proposal would recover Federal costs for administration and economic analyses related to Marketing Agreements and Orders for milk, fruit, vegetables, and certain specialty crops through assessments. The appropriate market administrator or committee will be billed for these costs. Payments received would be credited to the account incurring the Federal administrative cost.

The proposal is estimated to generate savings of $8,526,000 in 1991. These savings will be offset by one time start up costs of $257,000 to fund leave liability under the current program that would become an immediate liability under a user fee program, for a net savings of $8,269,000.

Agricultural Marketing Service
Section 32 Administrative Funds
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
California	$378,231	9	$393,000	9	$464,000	10
District of Columbia	10,277,770	122	11,317,000	139	13,191,000	143
Florida	135,790	3	141,000	3	152,000	3
Illinois	71,949	2	75,000	2	81,000	2
Oregon	201,656	5	210,000	5	227,000	5
Texas.....	36,205	1	38,000	1	82,000	2
Total, Available or Estimate.....	11,101,601	142	12,174,000	159	14,197,000	165

Diversion Payments
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Connecticut	$15,284	--	--	--	--	--
New York	41,100	--	--	--	--	--
Pennsylvania	297,400	--	--	--	--	--
Utah	12,750	--	--	--	--	--
Maine	3,960	--	--	--	--	--
Washington	9,121,908	--	--	--	--	--
Total, Available or Estimate	9,492,402	--	--	--	--	--

Sunflower Oil Purchase
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Undistributed	$20,000,000 1/	--	$30,000,000 1/	--	--	--
Total, Available or Estimate	20,000,000 1/	--	30,000,000 1/	--	--	--

1/ Distribution by State cannot be determined.

Agricultural Marketing Service
Commodity Purchases
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	$1,451,613					
Arkansas.....	5,368,976					
California.....	43,030,837					
Colorado.....	5,028,765					
Florida.....	293					
Georgia.....	8,004,057					
Hawaii.....	2,469,933					
Idaho.....	1,281,577					
Illinois.....	31,286,591					
Indiana.....	316,335					
Iowa.....	6,158,512					
Kansas.....	327,883					
Louisiana.....	69,376					
Maine.....	278,904					
Maryland.....	527,533					
Massachusetts.....	9,328,306					
Michigan.....	9,436,689					
Minnesota.....	26,649,156					
Mississippi.....	6,124,530					
Missouri.....	20,611,162					
Nebraska.....	55,700,550					
New Jersey	1,354,478					
New York.....	2,624,528					
North Carolina....	10,212,827					
North Dakota	305,586					
Ohio.....	267,247					
Oklahoma.....	5,505,530					
Oregon.....	4,682,226					
Pennsylvania.....	27,487,496					
Puerto Rico	1,500,512					
South Dakota	220					
Tennessee.....	405,837					
Texas.....	21,642,712					
Utah.....	1,047,253					
Virginia.....	968,971					
Washington.....	21,395,030					
West Virginia	231,343					
Wisconsin.....	16,345,834					
Undistributed.....	--	--	$366,300,000 1/	--	$350,900,000 1/	--
Total, Available or Estimate.....	349,429,208	--	366,300,000 1/	--	350,900,000 1/	--

1/ Since contracts for commodity purchases are awarded to the lowest bidder, distribution by State cannot be determined at this time.

OFFICE OF TRANSPORTATION

Purpose Statement

The Office of Transportation (OT) was established by Secretary's Memorandum 1966 on December 12, 1978. The Office was formed by consolidating several Departmental transportation functions to solve problems of U.S. and world agricultural transportation systems. Programs are carried out under the following legislation:

1. Agricultural Adjustment Act of 1938 (7 USC 1281 et seq.)
2. Agricultural Marketing Act of 1946 (7 USC 1621 et seq.)
3. Agricultural Trade and Assistance Act of 1954 (7 USC 1427, 1431, 1691, et seq.)
4. Rural Development Act of 1972. (7 USC 2662, 2663)
5. International Carriage of Perishable Foodstuff Act of 1982.
6. Cooperative Marketing Act of 1926 (7 USC 291, 292)

OT is delegated the authority given the Secretary of Agriculture to represent the interests of Agriculture and rural communities in the U.S. to assure the availability of an adequate and economical transportation system, domestically and internationally. The Office of Transportation is specifically organized to coordinate broad phases of the Department's transportation policies and programs.

The mission of OT is to develop and promote an efficient agricultural transportation system to help improve farm income, expand exports and meet the needs of rural America. The Agency provides technical and administrative direction, coordination, and leadership in the development and execution of agricultural transportation policies and programs of USDA. OT provides a basis for Federal-State decision-makers in regulatory, policy and legislative matters in order to assure the transportation needs of rural communities and agriculture.

The current organization has two divisions--domestic and international--that reflect our Nation's growing interest and emphasis on international trade, while providing continuous identification and timely analysis of domestic transportation impediments. Major program responsibilities are:

1. Domestic Transportation Services

OT determines the impact upon agriculture of proposed changes in transportation legislation, rates, or services and provides for the representation of agricultural interests in such matters before State and Federal agencies. Specifically, OT provides assistance to farmers and agricultural shippers by developing proposals, negotiating with carriers and participating in regulatory proceedings before the Interstate Commerce Commission to resolve high priority transportation issues.

2. Rural Transportation Economics and Development

OT addresses the overall transportation infrastructure needs of rural America in order to access national and world markets. The agricultural community is assisted through economic assessments of deteriorating rural roads and bridges, rail trackage abandonments, deterioration of rural inter-city bus service, and other inland transportation constraints. The Office provides educational programs on domestic and international transportation events and fosters improved Federal, State and local partnerships for solving transportation access problems affecting rural communities.

3. International Policy and Trade Analyses

OT assists agricultural exporters in developing foreign market opportunities through short term economic analyses of port logistics and transport system impediments. Recommendations are directed toward more cost-effective methods to move U.S. products to world markets. Technical assistance is also provided to agricultural exporters on freight rates, plus ocean and intermodal services to meet the transport access needs of American agriculture.

4. Export Services

OT conducts technological research and demonstration programs, often in cooperation with private industry, to improve the international and domestic transportation systems for agricultural and food products. The Office administers the Agreement on the International Carriage of Perishable Foodstuffs which requires the establishments of a program of inspection, testing and certification of refrigerated equipment to meet health and safety requirements of some Nations for the transport of certain foodstuffs within Europe.

The functions of OT are carried out by a technical and administrative staff located in Washington, D.C. As of September 30, 1989, there were 35 full-time employees and two part-time employees.

OFFICE OF TRANSPORTATION

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Office of Transportation	$2,397,000	35	$2,397,000	35	$2,429,000	35
Obligations under other USDA appropriations:						
Foreign Agricultural Service for services on the Mexican sales agreement ...	12,000	--	30,000	--	30,000	--
Total, Office of Transportation	2,409,000	35	2,427,000	35	2,459,000	35

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	35	35	35
Non-ceiling	--	--	--
Total	35	35	35

OFFICE OF TRANSPORTATION

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters/Total	1990 Headquarters/Total	1991 Headquarters/Total
ES-2	1	1	1
GS/GM-15	4	4	4
GS/GM-14	7	6	6
GS/GM-13	9	8	7
GS-12	5	5	5
GS-11	2	3	3
GS-9	1	2	3
GS-7	4	4	4
GS-6	1	1	1
GS-5	1	1	1
Total Permanent Positions	35	35	35
Staff-Years:			
Ceiling	35	35	35
Non-Ceiling	--	--	--
TOTAL	35	35	35

OFFICE OF TRANSPORTATION

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
11 Total Personnel Compensation	$1,557,134	$1,599,000	$1,649,000
12 Personnel Benefits ...	244,207	251,000	258,000
13 Benefits for Former Personnel	---	---	---
Total Personnel Compensation and Benefits	1,801,341	1,850,000	1,907,000
Other Objects:			
21 Travel	56,300	65,000	50,000
22 Transportation of Things	1,759	2,000	2,000
23.3 Communications, Utilities, and Misc. Charges	92,102	95,000	95,000
24 Printing and Reproduction	36,071	35,000	30,000
25 Other Services	273,247	260,000	260,000
26 Supplies and Materials	31,220	35,000	30,000
31 Equipment	87,927	55,000	55,000
Total Other Objects	578,626	547,000	522,000
Total Direct Obligations	2,379,967	2,397,000	2,429,000
Position Data:			
Average Salary, ES Positions	$78,582	$87,226	$95,870
Average Salary, GM/GS Positions	$42,244	$43,760	$44,490
Average Grade, GM/GS Positions	11.57	11.37	11.26

OFFICE OF TRANSPORTATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of Transportation

For necessary expenses to carry on services related to agricultural transportation programs as authorized by law; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $20,000 for employment under 5 U.S.C. 3109, [$2,397,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building] $2,429,000.

The change in language is for the purpose of deleting authority to alter and repair agency-owned buildings. The agency is now located in space rented from GSA and the Agricultural Research Service. Any necessary building alterations and repair can be obtained under the authorities for these two agencies.

OFFICE OF TRANSPORTATION

Appropriation Act, 1990	$2,397,000
Budget Estimate, 1991	2,429,000
Increase in Appropriation	+32,000

SUMMARY OF INCREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Office of Transportation	$2,397,000	+$32,000	--	$2,429,000

PROJECT STATEMENT
(On basis of appropriation)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase/Decrease	Amount	Staff-Years
Office of Transportation							
1. Research	$1,071,015	16	$1,079,000	16	--	$1,079,000	16
2. Technical Assistance	1,308,952	19	1,318,000	19	+$32,000	1,350,000	19
Unobligated Balance	17,033	--	--	--	--	--	--
					(1)		
Total Appropriation	$2,397,000	35	$2,397,000	35	+$32,000	$2,429,000	35

EXPLANATION OF PROGRAM

The programs of the Office of Transportation (OT) are carried out under the authority of the (1) Agricultural Marketing Act of 1946, (2) Agricultural Adjustment Act of 1938, (3) Agricultural Trade and Assistance Act of 1954, (4) Rural Development Act of 1972, and (5) International Carriage of Perishable Foodstuffs Act of 1982.

These activities are designed to assure that the transportation system will adequately serve the agricultural and rural areas of the United States and will provide the services necessary to assure the residents of these areas adequate facilities for the movement of agricultural commodities and people. The main areas of responsibility are providing technical assistance to shippers and carriers, technological research, development, and demonstrations in agricultural transport equipment, and participation in transportation regulatory actions before various Federal agencies. The Department is involved in the implementation of the International Carriage of Perishable Foodstuffs Act of 1982. In addition, OT provides economic analyses to enable the Department of Agriculture to develop policy recommendations for addressing current or anticipated problems in domestic and international agricultural transportation.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $32,000 for pay costs ($2,397,000 available in 1990).

An increase of $32,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	$2,379,967	35	$2,397,000	35	$2,429,000	35

FEDERAL GRAIN INSPECTION SERVICE

Purpose Statement

The Federal Grain Inspection Service (FGIS) was established on November 20, 1976, pursuant to the U.S. Grain Standards Act (USGSA), as amended (Public Law 94-582). Subsequently, the USGSA has been amended several times. In 1977, it was amended to provide appropriated funding for field supervision. The Omnibus Budget Reconciliation Act of 1981 amended the USGSA to require user fee funding to support supervision and administration of the inspection and weighing programs previously covered by appropriations. Authority to collect user fees for supervision and administration activities and authority to invest retained earnings in interest bearing accounts has been extended through September 1993. The 1981 amendments also established an FGIS Advisory Committee to provide advice to the Administrator of FGIS on the implementation of the USGSA. Programs supporting the Grain Quality Improvement Act (GQIA) of 1986 continue. The GQIA provides a framework for establishing and monitoring improved standards in the quality of grain in the marketing chain.

Inspection and weighing programs are also carried out under the authority of the Agricultural Marketing Act of 1946 (AMA), as amended. Programs under the AMA include the inspection and grading of rice, dry beans, lentils, dry peas, processed grain products, hops, and related commodities.

The mission of FGIS is to facilitate the marketing of grain, oilseeds, pulses, rice, and related commodities by: (a) establishing descriptive standards and terms, (b) accurately and consistently certifying quality, (c) providing for uniform official inspection and weighing, (d) carrying out assigned regulatory and service responsibilities, and (e) providing the framework for commodity quality improvement incentives to both domestic and foreign buyers. Through these permissive and mandatory programs, FGIS assists in advancing the orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers. FGIS, acting as an impartial third party, assures that the standards are applied and the weights are recorded in a fair and accurate manner, thereby facilitating domestic and foreign grain grading.

The amended U.S. Grain Standards Act requires: (1) mandatory inspection and weighing services at export ports by FGIS or delegated State agency personnel; and (2) permissive inspection and weighing services at domestic locations by designated State and private agency personnel. Currently, there are 8 delegated States among the 77 designated State and private agencies. The USGSA also requires FGIS to supervise all official inspection and weighing activities. Further, on a request basis, FGIS personnel perform inspection of rice and related commodities under the AMA and provide nationwide appeal inspection services.

The FGIS headquarters is located in Washington, D.C., with field activities located in 27 field offices, 2 Federal/State offices, and 7 suboffices in 24 States and Canada. As of September 30, 1989, FGIS employment totaled 750 full-time permanent employees and 110 part-time temporary and intermittent employees. Of the total, 119 full-time employees and 10 part-time and intermittent employees were located at headquarters while the remaining 631 full-time employees and 100 part-time and intermittent employees were assigned to field locations. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. User fee activities accounted for 82 percent of total agency spending in FY 1989. Standardization and compliance activities, international monitoring, and the FGIS Advisory Committee are financed from appropriations.

FEDERAL GRAIN INSPECTION SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	$8,115,000	119	$8,185,000	119	$10,443,000	132
Inspection and Weighing Services	35,414,000	697	36,856,000	681	37,164,000	675
Total, Federal Grain Inspection Service	43,529,000	816	45,041,000	800	47,607,000	807

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	816	800	807
Non-ceiling	99	125	125
Total	915	925	932

FEDERAL GRAIN INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
Executive Level V	1	--	1	1	--	1	1	--	1
ES-5	1	--	1	1	--	1	1	--	1
ES-3	1	--	1	1	--	1	1	--	1
GS/GM-15	4	--	4	4	--	4	4	--	4
GS/GM-14	18	--	18	19	--	19	19	--	19
GS/GM-13	31	12	43	29	12	41	30	20	50
GS-12	34	22	56	42	29	71	45	25	70
GS-11	9	92	101	9	101	110	10	113	123
GS-10	6	20	26	1	13	14	1	11	12
GS-9	14	216	230	14	247	261	15	249	264
GS-8	3	--	3	5	--	5	5	--	5
GS-7	8	34	42	16	14	30	11	13	24
GS-6	14	6	20	26	8	34	27	5	32
GS-5	20	125	145	15	133	148	15	132	147
GS-4	12	39	51	12	41	53	12	35	47
GS-3	2	2	4	3	3	6	3	3	6
GS-2	--	2	2	--	--	--	--	--	--
GS-1	--	--	--	--	--	--	--	--	--
Ungraded Positions	--	3	3	--	1	1	--	1	1
Total Permanent Positions	178	573	751	198	602	800	200	607	807
Staff-Years:									
Ceiling	175	641	816	172	628	800	200	607	807
Non-Ceiling	--	99	99	--	125	125	--	125	125
TOTAL	175	740	915	172	753	925	200	732	932

FEDERAL GRAIN INSPECTION SERVICE

Salaries and Expenses - Appropriated Funds

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$2,720,000	$2,971,000	$3,997,100
Field	1,205,000	1,320,000	1,794,000
11 Total personnel compensation	3,925,000	4,291,000	5,791,100
12 Personnel benefits	658,000	750,000	904,000
13 Benefits for former personnel	12,000	68,000	85,000
Total Personnel Compensation Benefits	4,595,000	5,109,000	6,780,100
Other Objects:			
21 Travel	276,000	400,000	409,315
22 Transportation of things	26,000	30,000	40,000
23.2 Rental payments to others	74,000	44,000	24,000
23.3 Communications, utilities, and misc. charges	225,000	400,000	409,510
24 Printing and reproduction	29,000	87,000	30,000
25 Other services	1,455,000	1,350,000	1,729,235
26 Supplies and materials	170,000	280,000	297,740
31 Equipment	482,000	485,000	723,100
32 Lands and Structures	6,000	—	—
43 Interest and dividends	1,000	—	—
Total other objects	2,744,000	3,076,000	3,662,900
Total direct obligations	$7,339,000	$8,185,000	$10,443,000
Position Data:			
Average Salary, ES positions	$75,400	$77,500	$80,200
Average Salary, GM/GS positions	$31,500	$32,600	$33,700
Average Grade, GM/GS positions	11.4	11.3	11.4

FEDERAL GRAIN INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, includ- ing field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $20,000 for employment under 5 U.S.C. 3109, [$8,185,000] $10,443,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building: Provided further, That none of the funds provided by this Act may be used to pay the salaries of any person or persons who require, or who authorize payments from fee-supported funds to any person or persons who require nonexport, non-terminal interior elevators to maintain records not involving official inspection or official weighing in the United States under Public Law 94-582 other than those necessary to fulfill the purposes of such Act.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES -- CURRENT LAW

Appropriation Act, 1990	$8,185,000
Budget Estimate, 1991	10,443,000
Increase in Appropriation	+2,258,000

SALARIES AND EXPENSES -- PROPOSED LEGISLATION

Budget estimate, Current Law, 1991	$10,443,000
Change due to proposed legislation	-5,697,000
Net Request, President's 1991 Budget Request	4,746,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Standardization Activities	$3,852,000	+$47,000	+$1,798,000	$5,697,000
Compliance Activities	4,333,000	+38,000	+ 375,000	4,746,000
Total Available	8,185,000	+85,000	+2,173,000	10,443,000

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

Project	1989 Actual		1990 Estimated		Increase or Decrease	1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years		Amount	Staff-Years
Standardization Activities	$4,036,000	56	$3,852,000	56	+$1,845,000(1)	$5,697,000	63
Compliance Activities	3,303,000	63	4,333,000	63	413,000(2)	4,746,000	69
Total	7,339,000	119	8,185,000	119	+2,258,000	10,443,000	132
Unobligated balance	776,000	—	—	—	—	—	—
Total, Appropriation	8,115,000	119	8,185,000	119	+2,258,000	10,443,000	132

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Federal Grain Inspection Service funds the standardization and compliance activities. The activities carried out are as follows:

1. Standardization Activities

FGIS standardization activities aid in the orderly marketing of grains, oilseeds, rice, and related commodities through the development, promulgation, and application of new and revised standards. Activities include the establishment, review, and revision of the standards to reflect the latest inspection techniques and marketing needs; development and evaluation of new instruments and methods to increase accuracy; operation of a nationwide quality control program to assure the integrity of the inspection certificate; and maintaining an international monitoring program which interacts with foreign governments and trade teams to exchange information and respond to complaints concerning quality and quantity of grain shipments.

Standardization Activities
Projected Level of Activity

	1989	1990	1991
U.S. Standards in effect at end of year	18	19	19
New and revised standards issued during fiscal year	7	5	5
Standards reviews in progress	9	6	5
Standards reviews completed	7	5	5
Inspection techniques developed	11	11	11
Equipment evaluated	10	10	9

2. Compliance Activities

The compliance activities ensure the accurate and uniform application of the U.S. Grain Standards Act (USGSA) and the applicable provisions of the Agricultural Marketing Act of 1946 (AMA). Field activities are reviewed to ensure that all procedures are implemented in a manner consistent with agency policy. Compliance activities include the delegation and designation of official agencies, the investigation of violations of the USGSA and AMA including referral of criminal violations to the Office of Inspector General, licensing of official agency personnel, and registering persons/firms engaged in foreign commerce.

Compliance Activities
Projected Level of Activity

	1989	1990	1991
Official Agency Actions:			
Agency delegations and designations in effect at end of fiscal year	77	77	77
Designations renewed	27	27	27
Designations cancelled	2	0	0
State delegations at export port locations in effect at end of fiscal year ..	8	8	8
Registration of Firms Exporting Grain:			
Registration certificates issued	96	100	100
On-site investigations	6	14	15

JUSTIFICATION OF INCREASE

(1) An increase of $1,845,000 in standardization activities ($3,852,000 available in 1990) consisting of:

(a) An increase of $83,000 for the 1989 pay raise and $47,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $261,000 for food safety activities.

Need for Change. As consumers become more aware of toxins and chemical residues in the food chain, the demand for quantitative methods to assure food safety increases. The FDA establishes limits, FGIS develops regulatory standards, conducts analytical tests, and evaluates commercial screening kits.

Ongoing research within FDA and USDA makes it imperative that toxins and residues be identified by objective, quantitative methods early in the marketing chain.

Nature of Change. Work will begin on evaluating commercially available quantitative assays and in developing accurate, reliable screening methods for aflatoxins, other mycotoxins, and chemical residues in grain. Current assays are time consuming and not comprehensive enough to identify multiple toxins or residues. Testing methods will be developed for field use.

(b) An increase of $853,000 for seven initiatives targeted at increasing grain-grading precision.

Need for Change. Current grain grading methodology is subjective rather than objective. The grain inspection system needs to be state-of-the-art if our grain is to remain of a consistently high quality on the open market. Increased inflation and the need to keep consumer costs down mandates that test methods be fast, uniform, and inexpensive. FGIS must look toward an inspection system to meet the needs of U.S. Agriculture in the 21st century.

Nature of Change. Work will continue on near infrared measurement of protein, starch, and oil in corn. Additional staff and equipment will be required as protocol is established, standards are developed, and equipment is calibrated. Funds will be used for establishing and equipping a model laboratory at the Kansas City Tech Center. This lab will include sample analysis using robotics, image analysis, and other highly mechanized equipment. A portion of these funds will be used to evaluate and then build a computerized/TV camera-type image analysis system for grain grading. This prototype would take a picture of the grain being sampled, then transmit the image to a computer that has been programmed to recognize grain characteristics and standards. The samples would be graded and inspected automatically and objectively.

(c) An increase of $200,000 to develop and review commodity standards.

Need for Change. FGIS re-evaluates commodity standards as a continuing function. Current standards have been published for comment; analysis of comments indicates there is a need to determine the economic impact to the industry as revised standards are established.

Nature of Change. Funds will be used to conduct economic impact studies on rapeseed, rapeseed oil, rice, and barley as they enter the market chain.

(d) An increase of $175,000 for management and quality assurance training.

Need for Change. Increased quality and productivity is essential if the Agency is to continue to provide a high quality, cost effective service.

Nature of Change. FGIS will establish an organizational culture that emphasizes quality at all levels. Employees will be trained to promote quality in all aspects of their positions. Quality Assurance specialists at the field level will be trained on a regularly scheduled basis in state-of-the-art technology and procedures.

(e) An increase of $226,000 for increased operating costs.

(2) An increase of $413,000 for compliance activities ($4,333,000 available in FY 1990) consisting of:

(a) An increase of $67,000 for the 1989 pay raise and $36,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $50,000 for grain dust explosion suppression work.

Need for Change. The Department's Safety Subcommittee recommended further study into methods to prevent or suppress grain dust explosions. To complete the Grain Quality Improvement Act, a study on recombining dust once removed from grain will require implementation in fiscal 1991.

Nature of Change. The Agency, in cooperation with other federal agencies, will participate in an agreement with Poland and the USSR on ways of applying coal dust explosion suppression to grain dust. $25,000 has been identified for this agreement. In fiscal 1989 FGIS contracted for research on prohibiting the recombination of recirculating grain dust at export elevators. This research will be completed in fiscal 1990 and $25,000 of this request will be used to implement those findings in fiscal 1991.

(c) An increase of $50,000 for an economic impact study on methods of cleaning grain.

Need for Change. Current procedures for cleaning grain are broad in nature. Cleaning procedures need to be objective, consistent, and uniform. Recent studies by OTA, a Wheat Dockage Study, and producer groups indicate a need for work in this area.

Nature of Change. These funds will be used to conduct an economic analysis study on the impact of cleaning grain at various points as it moves from the farm to the market place.

(d) An increase of $22,000 to complete the Grain Inspection Monitoring System.

Need for Change. Grain inspection and grading data are currently manually recorded, collected, and key punched. This is time consuming and costly.

Nature of Change. This phase of GIMS will create a field-to-headquarters data entry and transmission system. This system will provide oversight of official inspection and ensure uniform application of the U.S. Grain Standards.

(e) An increase of $188,000 for increased operating costs.

Federal Grain Inspection Service
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
Standardization Activities.....	$5,697,000	-$5,697,000	—
Compliance Activities.....	4,746,000	—	$4,746,000
Total Available.....	$10,443,000	-$5,697,000	$4,746,000

Explanation of Proposed Legislation

Standardization activities initiated by the Federal Grain Inspection Service support the orderly marketing of grains, oilseeds, rice, and related commodities by developing and disseminating, new and/or revised standards. This proposal would initiate user fees for these activities to charge the beneficiaries of these services for the costs incurred. These costs will be added to our existing fee structure and will be adjusted yearly for inflation and salary increases.

Compliance activities provide oversight to FGIS programs and will remain appropriated.

Federal Grain Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	FY 1989		FY 1990		FY 1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	$88,000	2	$121,000	2	$155,000	2
Arkansas	14,000	—	6,000	—	7,000	—
California	52,000	—	41,000	—	51,000	—
District of Columbia .	2,933,000	49	3,541,000	49	4,494,000	56
Georgia	2,000	—	3,000	—	3,000	—
Idaho	46,000	1	53,000	1	62,000	1
Illinois	159,000	4	254,000	4	320,000	4
Indiana	98,000	2	128,000	2	156,000	3
Iowa	124,000	2	134,000	2	160,000	3
Kansas	149,000	5	269,000	5	320,000	5
Louisiana	19,000	1	30,000	1	38,000	1
Maryland	44,000	1	63,000	1	79,000	1
Michigan	48,000	1	52,000	1	62,000	1
Minnesota	107,000	3	208,000	3	260,000	3
Mississippi	—	—	1,000	—	1,000	—
Missouri	3,014,000	40	2,768,000	40	3,627,000	44
Nebraska	159,000	3	219,000	3	260,000	3
North Dakota	56,000	1	39,000	1	50,000	1
Ohio	30,000	1	48,000	1	60,000	1
Oregon	6,000	—	8,000	—	7,000	—
Pennsylvania	—	—	—	—	—	—
Tennessee	12,000	—	23,000	—	29,000	—
Texas	107,000	2	107,000	2	155,000	2
Virginia	—	—	1,000	—	1,000	—
Washington	72,000	1	68,000	1	86,000	1
Total, Available or Estimate	$7,339,000	119	$8,185,000	119	$10,443,000	132

The estimates include appropriation language for this item as follows (new lanaguage underscored; deleted matter enclosed in brackets):

INSPECTION AND WEIGHING SERVICES

Limitation of Inspection and Weighing Service Expenses:

Not to exceed [$36,856,000] $37,164,000 (from fees collected) shall be obligated during the current fiscal year for Inspection and Weighing Services: Provided, that, if grain export activities require additional supervision and oversight and/or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percentum.

This change in language is to provide authority to exceed the current limitation if necessary.

INSPECTION AND WEIGHING SERVICES - CURRENT LAW

Obligations, 1990	$36,856,000
Budget Estimate, 1991	37,164,000
Change in Obligations	+308,000

INSPECTION AND WEIGHING - PROPOSED LEGISLATION

Budget estimate, Current Law, 1991	$37,164,000
Change due to proposed legislation	+5,697,000
Net Request, President's 1991 Budget Request	42,861,000

Explanation of Proposed Legislation

This legislation reflects a proposed increase in user collections to recover costs related to standardization activities. Current programs for establishing standards and specification support the marketing of grains, oilseeds, rice, and related commodities by developing and disseminating new and/or revised, standards.

SUMMARY OF INCREASES AND DECREASES — CURRENT LAW

	1990 Estimated	Program Change	1991 Estimated
Inspection and Weighing Activities	$36,856,000	+$308,000	$37,164,000

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
Insp. & Weigh. Activities	$35,414,000	697	$36,856,000	681	+$308,000	$37,164,000	675
Unobligated balance avail. start of period	-14,037,034	—	-14,249,034	—	—	-14,249,034	—
Unobligated balance avail. end of period	14,249,034	—	14,249,034	—	—	14,249,034	—
Collections	35,414,000	697	36,856,000	681	+308,000	37,164,000	675
Actual Collections	35,626,000	697	36,856,000	681	(1) +308,000	37,164,000	675

EXPLANATION OF PROGRAM

The Federal Grain Inspection Service (FGIS) provides an official grain inspection and weighing system under the U.S. Grain Standards Act (USGSA), as amended, and official inspection of rice and grain related products under the Agricultural Marketing Act of 1946 (AMA), as amended. The USGSA was reauthorized in 1988 permitting FGIS to continue to collect user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

Fees collected under the USGSA and the AMA pay the expenses of the following programs:

1. Inspection Activities

Fee supported inspection activities under the USGSA include direct services as well as the supervision and administration function associated with the program. Direct services include mandatory official inspection of export grain by FGIS employees at certain export points and when requested the inspection of U.S. grain shipped through the interior and Canada. FGIS also provides an appeal service for original grain inspection. The FGIS supervision program provides oversight of its employees as well as the monitoring of the inspection activities of 8 delegated States and 79 designated State and private agencies. In addition, FGIS provides inspection services for rice and grain related products which are covered by the AMA. FGIS personnel provide the technical and administrative support for the program.

Projected Level of Activity

	1989	1990	1991
Quantity of Grain Officially Inspected (million metric tons)			
For Export by Federal Personnel.....	87.1	88.1	88.1
by Delegated State Personnel..	27.0	27.0	27.0
Domestically.....	183.6	183.0	183.0
Total.....	297.7	298.0	298.0
Number of Inspections and Reinspections			
By Federal Personnel	198,967	200,000	200,000
By Delegated State/Official Agency Licensees	2,620,408	2,600,000	2,600,000
Number of Appeals	18,000	13,000	13,000
Number of Appeals Carried to the Board of Appeals and Review	1,226	1,300	1,300
Quantity of Rice Inspected (million metric tons)	4.3	4.1	4.1
Quantity of Rice Exports (million metric tons)	2.9	2.5	2.6

2. Weighing Activities

Fee supported weighing activities under the USGSA include the direct services as well as the supervision and administration functions associated with the program. FGIS provides mandatory weighing of export grain. Upon request, FGIS may provide weighing services in the interior and on export shipments to Mexico. FGIS also offers supervision of weighing services by request on inbound grain at export points, a nationwide scale testing program and a separate scale testing program designed for railroad track scales. In addition to supervising its own employees, FGIS monitors the weighing activities of employees of eight delegated States and certain designated State and private agencies performing weighing activities. FGIS personnel provide the technical and administrative support for the weighing program.

Projected Level of Activity

	1989	1990	1991
Export Grain Weighed (million metric tons)			
By Federal Personnel	85.1	85.1	85.1
By Delegated State Personnel	27.0	27.0	27.0

OIG Audits

50099-5y-Hy 11-Sept-89 "(Draft) Foreign Complaints on U.S. Grain Exports"

JUSTIFICATION OF INCREASE

(1) An increase of $308,000 to cover increased operating costs.

(a) An increase of $308,000 to cover pay costs, benefits, and inflation.

Need for Change. The current limitation for Inspection and Weighing activities needs to be changed to reflect yearly increases in operating costs.

The actual obligations in fiscal year 1989 were $35,414,000 and could exceed the $36,856,000 ceiling by fiscal year 1991.

Nature of Change. This increase will be used to cover operating costs such as pay, benefits, and inflation.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	FY 1989		FY 1990		FY 1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	$490,000	8	$426,000	8	$426,000	8
Arkansas	1,254,000	43	1,356,000	43	1,356,000	42
California	69,000	1	96,000	1	100,000	1
District of Columbia .	7,251,000	146	8,626,000	138	8,700,000	137
Georgia	170,000	6	217,000	6	220,000	4
Idaho	205,000	4	229,000	4	230,000	4
Illinois	1,031,000	23	1,019,000	23	1,040,000	22
Indiana	234,000	5	253,000	5	255,000	5
Iowa	238,000	5	286,000	5	290,000	5
Kansas	486,000	7	605,000	7	615,000	7
Louisiana	9,622,000	117	9,611,000	114	9,675,000	114
Maryland	2,144,000	57	2,263,000	57	2,265,000	57
Michigan	262,000	5	225,000	5	225,000	5
Minnesota	485,000	11	559,000	11	600,000	11
Mississippi	304,000	12	382,000	12	385,000	12
Missouri	1,935,000	7	490,000	7	490,000	7
Nebraska	347,000	4	337,000	4	340,000	4
North Dakota	246,000	6	339,000	6	345,000	6
Ohio	857,000	18	701,000	18	701,000	18
Oregon	2,680,000	94	3,380,000	94	3,400,000	94
Pennsylvania	—	—	60,000	—	60,000	—
Tennessee	101,000	2	91,000	2	95,000	1
Texas	4,615,000	110	4,880,000	105	4,915,000	105
Virginia	—	—	4,000	—	6,000	—
Washington	105,000	3	127,000	3	130,000	3
Total States	35,131,000	694	36,562,000	678	36,864,000	672
Canada	283,000	3	294,000	3	300,000	3
Total, Available or Estimate	35,414,000	697	36,856,000	681	37,164,000	675

AGRICULTURAL COOPERATIVE SERVICE

Purpose Statement

The Agricultural Cooperative Service (ACS) is assigned functions under both the Cooperative Marketing Act of 1926 and under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of economic, legal, financial, social, and other phases of cooperation, including analyses of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise with committees or groups of producers who want to form a cooperative association and to make an economic analysis of the facts relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and to cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities which relate to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations on subjects relating to cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, ACS provides technical advice to assist farmer cooperatives in the development and operation of viable profitable organizations serving the nation's family farmers.

ACS is headquartered in Washington, DC, with 3 field offices which are in Hilo, Hawaii; Columbus, Ohio; and Greenville, North Carolina. As of September 30, 1989, ACS employed 61 permanent full-time and 2 permanent part-time employees; 61 of whom were located in headquarters and 2 in the field offices. At the present time, one field office position is vacant.

AGRICULTURAL COOPERATIVE SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

ITEM	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Agricultural Cooperative Service	$4,655,000	65	$4,714,000	69	$4,764,000	69

Full-time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	65	69	69
Non-Ceiling	4	4	4
Total	69	73	73

AGRICULTURAL COOPERATIVE SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

GRADE	1989 Headquarters	1989 Field	1989 Total	1990 Headquarters	1990 Field	1990 Total	1991 Headquarters	1991 Field	1991 Total
ES-5	1	--	1	1	--	1	1	--	1
GS/GM-15	4	--	4	5	--	5	5	--	5
GS/GM-14	13	--	13	14	--	14	14	--	14
GS/GM-13	14	2	16	17	2	19	17	2	19
GS-12	6	--	6	5	1	6	5	1	6
GS-11	8	--	8	8	--	8	8	--	8
GS-9	2	--	2	4	--	4	4	--	4
GS-7	7	--	7	7	--	7	7	--	7
GS-6	3	--	3	3	--	3	3	--	3
GS-5	--	--	--	--	--	--	--	--	--
Other Graded Positions....	--	--	--	1	--	1	1	--	1
Ungraded Positions.....	1	--	1	1	--	1	1	--	1
Total Permanent Positions.	59	2	61	66	3	69	66	3	69
Staff-Years:									
Ceiling.....	63	2	65	66	3	69	66	3	69
Non-Ceiling.....	4	--	4	4	--	4	4	--	4
TOTAL.....	67	2	69	70	3	73	70	3	73

AGRICULTURAL COOPERATIVE SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

		1989	1990	1991
Personnel Compensation:				
	Headquarters	$2,674,169	$2,789,000	$2,899,000
	Field	97,738	101,000	106,000
11	Total personnel compensation	2,771,907	2,890,000	3,005,000
12	Personnel benefits	452,288	471,000	506,000
13	Benefits for former personnel	3,658	3,000	3,000
	Total personnel compensation and benefits	3,227,853	3,364,000	3,514,000
Other Objects:				
21	Travel	186,111	190,000	190,000
22	Transportation of things	1,972	2,000	0
23.2	Rental payments to others	3,015	1,000	1,000
23.3	Communications, utilities, and miscellaneous charges	202,130	208,000	203,000
24	Printing and reproduction	83,559	85,000	85,000
25	Other services	740,135	756,000	672,000
26	Supplies and material	37,651	39,000	39,000
31	Equipment	66,946	69,000	60,000
	Total other objects	1,321,519	1,350,000	1,250,000
	Total direct obligations	4,549,372	4,714,000	4,764,000

Position Data:

	1989	1990	1991
Average Salary, ES positions	$78,600	$81,400	$101,000
Average Salary, GM/GS positions	$41,616	$43,114	$45,391
Average Grade, GM/GS positions	11.78	11.83	11.83

AGRICULTURAL COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses

For necessary expenses to carry out the Cooperative Marketing Act of July 2, 1926 (7 U.S.C. 451-457), and for activities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and for activities with institutions or organizations throughout the world concerning the development and operation of agricultural cooperatives (7 U.S.C. 3291), [$4,714,000] $4,764,000; of which $99,000 shall be available for a field office in Hawaii: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $15,000 shall be available for employment under 5 U.S.C. 3109.

SALARIES AND EXPENSES

Appropriation Act, 1990	$4,714,000
Budget Estimate, 1991	4,764,000
Increase in Appropriation	+50,000

SUMMARY OF INCREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Pay Costs	Program Changes	1991 Estimated
Research on agricultural cooperatives	$2,779,000	+$32,000	--	$2,811,000
Technical assistance to agricultural cooperatives	1,935,000	+18,000	--	1,953,000
Total Available	4,714,000	+50,000	--	4,764,000

PROJECT STATEMENT
(On basis of appropriation)

PROJECT	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
1. Research on agricultural cooperatives	$2,820,610	38	$2,779,000	41	+$32,000	$2,811,000	41
2. Technical assistance to agricultural cooperatives	1,728,761	27	1,935,000	28	+18,000	1,953,000	28
Unobligated balance	105,629	--	--	--	--	--	--
Total Appropriation	4,655,000	65	4,714,000	69	+50,000(1)	$4,764,000	69

EXPLANATION OF PROGRAM

The Agricultural Cooperative Service (ACS) serves as the national focal point and storehouse for information about farmer cooperatives. The major missions of the agency include research on cooperative problems and issues, providing technical assistance and advice to existing and newly emerging cooperative associations, collection and dissemination of cooperative statistics, and preparation and distribution of educational materials on cooperatives.

The Agency's research program includes studies of economic, financial, organizational, managerial, legal, social and policy related issues that affect cooperatives. Studies may be specific to a single commodity or group of commodities or may focus on specific functions which cut across commodity and service lines for cooperatives that market farm products, purchase production supplies, or perform related services.

Technical assistance is provided in response to requests, usually from cooperative boards of directors or organizational steering committees who may represent small groups or thousands of farmers. Types of technical assistance provided by ACS include feasibility analysis, merger and other organizational studies, strategic assessment and planning, and review of operations and performance of the range of cooperative activities. Feasibility analysis and organizational and educational assistance are provided for newly emerging cooperatives. ACS provides technical assistance for farmers and their cooperatives in most commodity and functional areas of cooperative operations.

JUSTIFICATION OF INCREASE

(1) An increase of $50,000 for pay costs ($4,714,000 available in 1990).

An increase of $50,000, which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise is being absorbed.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS 1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	$4,398,083	63	$4,517,000	66	$4,564,000	66
Hawaii.....	60,392	1	57,000	1	57,000	1
Kentucky.....	18,779	0	--	--	--	--
North Carolina.....	72,117	1	75,000	1	76,000	1
Ohio.....	0	0	65,000	1	67,000	1
Total.....	4,549,371	65	4,714,000	69	4,764,000	69

PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

The Packers and Stockyards Administration was reestablished by Secretary's Memorandum No. 1000-1, of June 17, 1981. The Agency administers the Packers and Stockyards Act of 1921, as amended, and carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. The Agency also has responsibility with respect to persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act and the Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the market place. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the Agency is also aimed at protecting consumers and members of the livestock, meat and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish "central filing systems" for the purpose of pre-notifying buyers, commission merchants, and selling agents of security interests against "farm products". It is the responsibility of the Packers and Stockyards Administration to issue regulations and to certify those systems which meet the criteria set forth in the statute.

Headquarters of the Agency is located in Washington, D.C., with 12 regional offices located in Atlanta, Georgia; Bedford, Virginia; Denver, Colorado; Fort Worth, Texas; Indianapolis, Indiana; Kansas City, Kansas; Lancaster, Pennsylvania; Memphis, Tennessee; Omaha, Nebraska; Portland, Oregon; Sacramento, California; and South St. Paul, Minnesota. As of September 30, 1989, there were 179 full-time permanent and 8 other employees. Of the total, 45 full-time employees and 1 other employee worked in the Headquarters office; 134 full-time employees and 7 other employees worked in the regional offices.

PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Packers and Stockyards Administration	$9,562,000	183	$9,562,000	187	$10,687,000	187

Full-time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	183	187	187
Non-Ceiling	--	--	--
Total	183	187	187

PACKERS AND STOCKYARDS ADMINISTRATION

Permanent Positions by Grade and Staff-Year Summary

1989 Actual and Estimated 1990 and 1991

Grade	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	1	--	1	1	--	1	1	--	1
ES-3	1	--	1	1	--	1	1	--	1
GS/GM-15	3	--	3	3	--	3	3	--	3
GS/GM-14	8	--	8	8	--	8	8	--	8
GS/GM-13	13	12	25	13	12	25	13	12	25
GS-12	2	39	41	2	41	43	2	41	43
GS-11	3	41	44	3	42	45	3	42	45
GS-9	2	11	13	2	11	13	2	11	13
GS-8	1	--	1	1	--	1	1	--	1
GS-7	2	16	18	2	16	18	2	16	18
GS-6	7	7	14	7	7	14	7	7	14
GS-5	1	11	12	1	11	12	1	11	12
GS-4	1	4	5	1	4	5	1	4	5
GS-3	1	--	1	1	1	2	1	1	2
GS-2	--	--	--	--	--	--	--	--	--
Total Permanent Positions	46	141	187	46	145	191	46	145	191
Staff Years:									
Ceiling	45	138	183	46	141	187	46	141	187
Non-Ceiling	--	--	--	--	--	--	--	--	--
TOTAL	45	138	183	46	141	187	46	141	187

PACKERS AND STOCKYARDS ADMINISTRATION

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$1,941,899	$2,414,160	$2,057,832
Field	4,345,564	4,131,658	4,774,968
11 Total personnel compensation	6,287,463	6,545,818	6,832,800
12 Personnel benefits..	1,249,927	1,003,307	1,259,600
13 Benefits for former personnel	1,500	1,000	2,000
Total Personnel Comp. and Benefits	7,538,890	7,550,125	8,094,400
Other Objects:			
21 Travel	541,193	577,500	607,000
22 Transportation of things	107,337	120,000	120,000
23.2 Rental Payments to others	239,431	269,000	270,000
23.3 Communications, utilities, and misc. charges	320,249	363,000	405,000
24 Printing and reproduction	25,517	25,000	28,000
25 Other services	587,760	561,475	581,600
26 Supplies and materials	108,728	55,600	148,000
31 Equipment	41,201	40,300	433,000
43 Interest & dividends..	142	--	--
44 Refunds.....	--	--	--
Total other objects ...	1,971,558	2,011,875	2,592,600
Total direct obligations.	9,510,448	9,562,000	10,687,000
Position Data:			
Average Salary, ES positions	$76,750	$79,513	$81,104
Average Salary, GM/GS positions	$33,761	$34,967	$35,905
Average Grade, GM/GS positions	10.27	10.32	10.36

PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Packers and Stockyards Administration:

> For necessary expenses for administration of the Packers and Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $5,000 for employment under 5 U.S.C. 3109, [$9,562,000] $10,687,000.

SALARIES AND EXPENSES

Appropriation Act, 1990	$9,562,000
Budget Estimate, 1991	10,687,000
Increase in Appropriation	1,125,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Pay Costs	Program Changes	1991 Estimated
Administration of the Packers and Stockyards Act	$9,434,000	+$299,000	+$826,000	$10,559,000
Certification of "Clear Title".....	128,000	--	--	128,000
Total Available	9,562,000	+ 299,000	+ 826,000	10,687,000

PROJECT STATEMENT
(On basis of appropriation)

	1989 Actual		1990 Estimated		Increase or Decrease	1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years		Amount	Staff-Years
1. Administration of the Packers and Stockyards Act.....	$9,382,448	180	$9,434,000	184	+$1,125,000	$10,559,000	184
2. Certification of Clear Title.....	128,000	3	128,000	3	--	128,000	3
Unobligated balance	51,552	--	--	--	--	--	--
Total appropriation ..	9,562,000	183	9,562,000	187	+ 1,125,000	10,687,000	187

EXPLANATION OF PROGRAM

The Packers and Stockyards Administration (P&SA) administers the Packers and Stockyards (P&S) Act (7 U.S.C. 181-229). The Agency also carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. In addition, the Agency administers the Truth-in-Lending Act (15 U.S.C. 1601 *et seq*); the Fair Credit Reporting Act (15 U.S.C. 1681 *et seq*); and the Freedom of Information Act (5 U.S.C. 552) as these statutes apply to persons and firms subject to the P&S Act. Agency programs are designed to assure the integrity of the livestock, meat and poultry markets and the marketplace. Other functions of the Agency include assuring prompt payment to producers for livestock and poultry, and assuring nondiscriminatory marketing charges and accurate weights. The Agency's programs also include protecting consumers from unfair business practices in the marketing of meat.

Coverage of Program:

	1989 Actual	1990 Estimated	1991 Estimated
Investigations	2,169	2,200	2,200
Market Agencies/ Dealers Registered	9,925	9,700	9,700
Stockyards Posted	1,765	1,775	1,775
Slaughtering and Processing Packers Subject to the Act (estimated)	6,500	6,500	6,500
Distributors, Brokers, and Dealers Subject to the Act (estimated)	6,900	6,900	6,900
Poultry Operations Subject to the Act	250	250	250

The wholesale value of livestock, meat, and poultry subject to the Act is $86 billion each year.

The principal activities carried out in administering the Act are:

- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.

- Investigating packer meat merchandising and chain store buying practices in order to maintain prices established by fair and competitive marketing practices.

- Investigating the financial condition and payment practices of market agencies, dealers, and packers subject to the Act to determine if they are financially sound and capable of meeting their obligations.

- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry.

- Surveillance of marketing at public markets and geographical area markets to foster and maintain fair and effective competition and avoid conflicts of interest.

- Obtaining adequate surety bonds from auction operators, commission firms, dealers, and packers (purchasing more than $500,000 of livestock annually) to assure payment for livestock purchased.

- Investigating poultry marketing practices to identify and correct those which are injurious to producers and operators in the industry.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $1,125,000 for pay and increased operating costs, and development and implementation of an Agencywide Information Management System consisting of:

(a) An increase of $640,000 for development of an Agencywide Information Management System.

Need for change. The Agency is behind in its automation and computerization efforts. Further automation and development will provide for increased efficiency to meet increased responsibilities.

Nature of change. This increase will fund the purchase of automated equipment and provide for corresponding maintenance, software, communications, and employee training/travel requirements to effectively track registrants, perform financial analyses, and conduct industry surveillance activities designed to prevent financial failures. Specifically, funds would be used to develop and provide multiuser computer systems to: (1) expand database applications for registration and bonding (REGMOD); (2) automate the Agency's Debt Paying Ability Analysis (DEPA) capability for monitoring packers' financial conditions; and (3) improve office standardization and efficiency by computer generation and control of correspondence and documents through systematic replacement of obsolete word processors.

Present equipment is inadequate in number and capability to provide for registrant database access by Agency investigators, resulting in continued maintenance and use of cumbersome manual card files, duplication of effort, and resistance to the entire computerization effort.

Increased automation would also provide risk analysis capabilities for identifying financially weak livestock dealers and market agencies and a centralized archival file of inactive registrants to help detect individuals barred from operating in one region who attempt to register in another.

(b) An increase of $186,000 for additional operating costs on non-salary items.

The increase will provide for operating cost increases and maintain staffing at the current level.

(c) An increase of $299,000 for annualization of 1989 pay raise. The 1991 pay raise and the total 1990 pay raise are being absorbed.

PACKERS AND STOCKYARDS ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
D.C. Headquarters	$3,549,811	45	$3,367,957	46	$3,861,172	46
REGIONAL OFFICES:						
California	384,140	8	431,166	9	479,530	9
Colorado	427,721	10	411,552	10	445,730	10
Georgia	522,295	11	489,619	11	576,980	11
Indiana	583,884	13	584,598	14	661,630	14
Kansas	450,011	11	529,248	11	572,448	11
Minnesota	579,145	13	598,555	13	637,030	13
Nebraska	606,131	13	624,615	13	672,530	13
Oregon	369,865	9	392,926	10	434,330	10
Pennsylvania	530,285	13	531,327	13	607,330	13
Tennessee	536,666	12	533,317	12	582,830	13
Texas	503,874	13	566,190	13	617,730	12
Virginia	466,620	12	500,930	12	537,730	12
Total, Available or Estimate	9,510,448	183	9,562,000	187	10,687,000	187

FOOD SAFETY AND INSPECTION SERVICE

Purpose Statement

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of the Agency is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of the Food Safety and Inspection Service provides inplant inspection of all domestic establishments preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to that of the Federal inspection program.

During 1989, the Agency maintained central offices in the Washington metropolitan area, five regional offices, 26 area offices, and a nationwide network of inspectors in approximately 7,300 establishments (including official import inspection facilities) in 50 States, Puerto Rico, American Samoa, Guam, and the Virgin Islands. Much of the work is conducted in cooperation with Federal, State and municipal agencies, as well as private industry. As of September 30, 1989, the Agency employment totaled 8,942 permanent full-time employees and 810 other employees. Of these, 701 permanent full-time employees and 74 other employees were located in the central offices, and 460 permanent full-time employees and nine other employees were in area and regional offices. The balance of 7,781 permanent full-time employees and 727 other employees were in field locations.

FOOD SAFETY AND INSPECTION SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Food Safety and Inspection Service:						
Salaries and Expenses	$404,954,000	9,121	$416,898,000	9,175	$440,882,000	9,277
Obligations under other USDA appropriations:						
APHIS for blood samples (MPI)	723,666	--	1,000,000	--	1,000,000	--
Total, Agriculture Appropriations	405,677,666	9,121	417,898,000	9,175	441,882,000	9,277
Non-Federal Funds:						
Reimbursements:						
Meat and Poultry Inspection	50,357,958	225	52,000,000	227	54,000,000	227
Trust Funds:						
Meat and Poultry Inspection	1,135,909	21	1,150,000	21	1,200,000	21
Total Non-Federal Funds	51,493,867	246	53,150,000	248	55,200,000	248
Total, Food Safety and Inspection Service	457,171,533	9,367	471,048,000	9,423	497,082,000	9,525

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	9,367	9,423	9,525
Non-ceiling	1,032	1,032	1,032
Total	10,399	10,455	10,557

FOOD SAFETY AND INSPECTION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1989 and Estimated 1990 and 1991

	1989			1990			1991		
	Head-quarters	Field	Total	Head-quarters	Field	Total	Head-quarters	Field	Total
ES-6	1	0	1	1	0	1	1	0	1
ES-5	9	0	9	10	0	10	10	0	10
ES-4	6	2	8	5	3	8	5	3	8
ES-3	0	1	1	1	2	3	1	2	3
ES-2	2	2	4	1	0	1	1	0	1
GS/GM-15	33	11	44	33	11	44	33	11	44
GS/GM-14	95	42	137	95	42	137	95	42	137
GS/GM-13	194	256	450	194	258	452	194	258	452
GS-12	62	859	921	62	865	927	62	865	927
GS-11	60	415	475	60	418	478	60	438	498
GS-10	1	150	151	1	151	152	1	151	152
GS-9	37	2,121	2,158	37	2,135	2,172	37	2,135	2,172
GS-8	6	1,027	1,033	6	1,034	1,040	6	1,034	1,040
GS-7	52	2,770	2,822	52	2,788	2,840	52	2,868	2,920
GS-6	45	56	101	45	56	101	45	56	101
GS-5	66	400	466	66	403	469	68	403	471
GS-4	35	95	130	35	96	131	35	96	131
GS-3	8	19	27	8	19	27	8	19	27
GS-2	1	1	2	1	1	2	1	1	2
Ungraded Positions	4	18	22	4	18	22	4	18	22
Total Permanent Positions	717	8,245	8,962	717	8,300	9,017	719	8,400	9,119
Staff-Years:									
Ceiling	763	8,604	9,367	763	8,660	9,423	765	8,760	9,525
Non-Ceiling	2	1,030	1,032	2	1,030	1,032	2	1,030	1,032
Total	765	9,634	10,399	765	9,690	10,455	767	9,790	10,557

FOOD SAFETY AND INSPECTION SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$25,753,681	$26,515,000	$27,633,000
Field	235,845,669	242,813,000	253,190,000
11 Total Personnel compensation	261,599,350	269,328,000	280,823,000
12 Personnel benefits	55,016,255	59,602,000	67,209,000
13 Benefits for former personnel	1,029,734	1,030,000	1,030,000
Total Personnel Compensation and Benefits	317,645,339	329,960,000	349,062,000
Other Objects:			
21 Travel	19,792,712	19,549,000	20,634,000
22 Transportation of things	1,426,321	1,380,000	1,425,000
23 Communications, utilities and miscellaneous charges	8,144,445	7,907,000	8,167,000
24 Printing and reproduction	1,262,546	1,226,000	1,267,000
25 Other services	15,936,670	16,279,000	17,417,000
26 Supplies and materials	2,480,620	2,409,000	2,605,000
31 Equipment	1,603,538	1,558,000	1,725,000
41 Grants, subsidies and contributions	36,480,000	36,574,000	38,522,000
42 Insurance claims and indemnities	49,238	49,000	51,000
43 Interest and dividends	6,563	7,000	7,000
Total Other Objects	87,182,653	86,938,000	91,820,000
Total Direct Obligations	404,827,992	416,898,000	440,882,000
Position Data:			
Average Salary, ES positions	$76,583	$77,100	$89,800
Average Salary, GM/GS positions	$28,388	$29,400	$30,400
Average Grade, GM/GS positions	8.65	8.65	8.65

FOOD SAFETY AND INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, as amended, and the Poultry Products Inspection Act, as amended, [$422,799,000] $440,882,000: Provided, That this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

SALARIES AND EXPENSES

Appropriation Act, 1990	$422,799,000
Budget Estimate, 1991	440,882,000
Increase in Appropriation	+18,083,000

Adjustments in 1990:		
Appropriation Act, 1990	$422,799,000	
Gramm-Rudman-Hollings Reduction (P.L.99-177)	-5,901,000	
Adjusted base for 1990		416,898,000
Budget estimate, 1991		440,882,000
Increase over adjusted 1990		+23,984,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Costs	Program Changes	1991 Estimated
Slaughter Inspection	$242,272,000	+$5,230,000	+$9,613,000	$257,115,000
Processing Inspection	103,142,000	+2,145,000	+3,274,000	108,561,000
Import-Export Inspection	10,481,000	+199,000	+266,000	10,946,000
Laboratory Services	24,429,000	+346,000	+963,000	25,738,000
Grants-to-States	36,574,000	--	+1,948,000	38,522,000
Total Available	416,898,000	+7,920,000	+16,064,000	440,882,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
Meat and Poultry Inspection							
(a) Slaughter Inspection	$236,529,881	6,311	$242,272,000	6,348	+$14,843,000(1)	$257,115,000	6,450
(b) Processing Inspection	100,674,890	2,285	103,142,000	2,299	+5,419,000(2)	108,561,000	2,299
(c) Import-Export Inspection	10,048,917	205	10,481,000	206	+465,000(3)	10,946,000	206
(d) Laboratory Services	21,094,304	320	24,429,000	322	+1,309,000(4)	25,738,000	322
(e) Grants-to-States	36,480,000	--	36,574,000	--	+1,948,000(5)	38,522,000	--
Total, Meat and Poultry Inspection	404,827,992	9,121	416,898,000	9,175	+23,984,000	440,882,000	9,277
Unobligated balance lapsing	126,008	--	--	--			
Total available or estimate	404,954,000	9,121	416,898,000	9,175			
Gramm-Rudman-Hollings Reduction	--	--	5,901,000	--			
Total Appropriation	404,954,000	9,121	422,799,000	9,175			

EXPLANATION OF PROGRAM

The Food Safety and Inspection Service administers a national meat and poultry inspection program pursuant to the Federal Meat Inspection Act and the Poultry Products Inspection Act. These acts require ante-mortem and post-mortem inspection of domestic livestock and poultry, and the inspection during further processing of meat and poultry products. The major objective of the meat and poultry inspection program is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged.

The Meat and Poultry Inspection program is responsible for uniformly applying inspection procedures and standards for sanitation, humane slaughter, facilities and equipment, and product labeling at all establishments under Federal inspection. It is also responsible for assessing the effectiveness of State inspection programs to assure that standards at least equal to those under the Inspection Acts are applied to meat and poultry establishments under State jurisdiction. Further, the program is responsible for reviewing foreign inspection systems and plants that export meat and poultry products to the United States, and inspecting imported products at ports of entry.

The Laboratory Services program supports meat and poultry inspection through the scientific examination of meat and poultry products for disease, contamination, or other forms of adulteration.

INSPECTION DATA

	1989 Actual	1990 Estimated	1991 Estimated
Federally inspected establishments:			
Slaughter plants	370	370	370
Processing plants	4,730	4,700	4,700
Combination slaughter and processing plants	1,287	1,280	1,280
Talmadge-Aiken Plants	336	336	336
Import establishments	220	225	225
Federally inspected production (millions of pounds):			
Meat slaughter	35,351	35,500	35,500
Meat processing	74,100	76,300	78,600
Poultry slaughter	29,581	31,700	33,900
Poultry processing	80,850	83,300	85,800
Import/Export activity (millions of pounds):			
Meat and poultry imported	2,516	2,620	2,654
Meat and poultry exported	3,324	3,790	4,171
Imports refused entry	13	12	12
States and territories with cooperative agreements:			
Intrastate inspection	28	28	28
Talmadge-Aiken inspection	22	22	22
Number of slaughter and/or processing plants (excludes exempt plants)	3,485	3,500	3,500
Pounds inspected, slaughter and processing (millions)	5,092	5,100	5,100
Compliance activities:			
Hazardous product detained (millions of pounds)	8.2	8.2	8.2
Compliance reviews	60,366	60,000	60,000
Detention actions	1,126	1,100	1,100
Laboratory Services (samples analyzed):			
Food chemistry	62,435	62,000	62,000
Food microbiology	36,908	37,000	37,000
Chemical residues	185,163	185,000	185,000
Antibiotic residues	255,851	256,000	256,000
Pathology samples	11,017	11,000	11,000

GAO REPORTS

Number	Date Issued	Date Completed	Description
RCED-87-142	9/30/87	--	"Imported Meat and Livestock" Chemical Residue Detection and the Issue of Labeling.
RCED-89-55	3/03/89	--	Internal Controls: Program to Address Meat and Poultry Plants Needs Improvement.
RCED-89-53	7/31/89	--	Review of FSIS Development of Performance-Based Inspection System.

OIG REPORTS

24062-5-SF	5/09/89	--	Survey of Meat and Poultry Inspection Operations, Western Region
24062-6-SF	7/14/89	--	FSIS Conflict of Interest Statements.
24608-4-At	4/27/89	--	Evaluation of Compliance With Poultry Slaughter Procedures in Streamlined Inspection System Plants.
38002-4-Hy	3/29/89	--	Follow-Up Audit of the FSIS Imported Meat Process.
38097-1-AT	2/05/87	--	FSIS Exporting Procedures
38099-2-At	3/31/87	6/05/89	FSIS Controls Over Exporting Procedures.
38607-1-At	9/26/86	--	OIG National Audit of FSIS Meat and Poultry Inspection Program.
38609-1-At	11/17/88	--	Monitoring and Controlling Pesticide Residues in Domestic Meat and Poultry Products.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $14,843,000 for Slaughter Inspection ($242,272,000 available in 1990) consisting of:

(a) An increase of $6,586,000 to maintain services at the current level. This increase will provide for the cost of rising Federal contributions to employees' retirement, health insurance, and workman's compensation funds and for the rising cost of goods and services.

(b) An increase of $5,230,000 to fund increased pay costs: an increase of $2,104,000 for the 1989 pay raise and $3,126,000 representing 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(c) An increase of $3,027,000 for in-plant staffing.

Need for Change. National production of meat and poultry continues to rise annually, with the largest increases occurring in poultry slaughter. The Federal Meat and Poultry Inspection Acts require inspection of every bird and animal at time of slaughter. FSIS has little flexibility in determining staffing levels, but must provide inspectors to inspect every meat and poultry slaughter line operated by the industry.

Nature of Change. The budget request for fiscal year 1991 includes $3,027,000 and 102 staff-years to provide required inspection coverage of the industry's animal and poultry slaughter operations.

(2) An increase of $5,419,000 for Processing Inspection ($103,142,000 available in 1990) consisting of:

(a) An increase of $3,274,000 to maintain services at the current level. This increase will provide for the cost of rising Federal contributions to employees' retirement, health insurance, and workman's compensation funds and for the rising cost of goods and services.

(b) An increase of $2,145,000 to fund increased pay costs: an increase of $847,000 for the 1989 pay raise, and $1,298,000 representing 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(3) An increase of $465,000 for Import-Export Inspection ($10,481,000 available in 1990) consisting of:

(a) An increase of $266,000 to maintain services at the current level. This increase will provide for the cost of rising Federal contributions to employees' retirement, health insurance, and workman's compensation funds and for the rising cost of goods and services.

(b) An increase of $199,000 to fund increased pay costs: an increase of $76,000 for the 1989 pay raise, and $123,000 representing 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(4) An increase of $1,309,000 for Laboratory Services ($24,429,000 available in 1990) consisting of:

(a) An increase of $963,000 to maintain services at the current level. This increase will provide for the cost of rising Federal contributions to employees' retirement, health insurance, and workman's compensation funds and for the rising cost of goods and services.

(b) An increase of $346,000 to fund increased pay costs: an increase of $152,000 for the 1989 pay raise, and $194,000 representing 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(5) An increase of $1,948,000 for Grants to States ($36,574,000 available in 1990) to maintain services at the current level. This increase will provide for the rising cost of goods and services consumed by the State inspection agencies.

Food Safety and Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	$13,011,381	354	$13,399,000	356	$14,170,000	360
Alaska	381,000	0	392,000	0	415,000	0
Arizona	1,518,959	28	1,564,000	28	1,654,000	28
Arkansas	19,060,899	560	19,629,000	564	20,758,000	570
California	22,133,231	592	22,793,000	596	24,104,000	602
Colorado	5,804,353	158	5,977,000	159	6,321,000	161
Connecticut	1,494,591	37	1,539,000	37	1,628,000	38
Delaware	3,504,857	94	3,609,000	95	3,817,000	96
District of Columbia	55,718,522	664	57,379,000	667	60,682,000	678
Florida	6,616,661	125	6,814,000	126	7,206,000	127
Georgia	22,780,143	544	23,459,000	547	24,809,000	553
Hawaii	1,161,217	5	1,196,000	5	1,265,000	5
Idaho	2,091,752	57	2,154,000	57	2,278,000	58
Illinois	11,582,345	233	11,928,000	234	12,614,000	237
Indiana	6,317,978	125	6,506,000	126	6,881,000	127
Iowa	14,805,705	391	15,247,000	393	16,124,000	398
Kansas	9,501,812	239	9,785,000	241	10,348,000	243
Kentucky	4,244,700	112	4,371,000	113	4,623,000	114
Louisiana	4,192,787	79	4,318,000	80	4,566,000	80
Maine	1,143,300	29	1,177,000	29	1,245,000	29
Maryland	8,191,914	179	8,436,000	180	8,921,000	182
Massachusetts	2,441,065	62	2,514,000	62	2,658,000	63
Michigan	7,318,400	202	7,537,000	203	7,970,000	205
Minnesota	11,178,847	310	11,512,000	312	12,174,000	315
Mississippi	7,814,017	194	8,047,000	195	8,510,000	197
Missouri	12,904,777	332	13,290,000	334	14,054,000	338
Montana	1,633,872	38	1,683,000	38	1,779,000	39
Nebraska	10,123,057	282	10,425,000	284	11,025,000	287
Nevada	447,494	11	461,000	11	487,000	11
New Hampshire	378,409	10	390,000	10	412,000	10
New Jersey	4,778,005	124	4,920,000	125	5,204,000	126
New Mexico	1,211,190	23	1,247,000	23	1,319,000	23
New York	10,656,830	279	10,975,000	281	11,606,000	284
North Carolina	13,568,246	325	13,973,000	327	14,777,000	331
North Dakota	1,030,001	26	1,061,000	26	1,122,000	26
Ohio	10,054,313	167	10,354,000	168	10,950,000	170
Oklahoma	4,234,812	74	4,361,000	74	4,612,000	75
Oregon	2,831,574	72	2,916,000	72	3,084,000	73
Pennsylvania	16,956,680	447	17,462,000	450	18,467,000	455
Rhode Island	447,334	11	461,000	11	487,000	11
South Carolina	4,300,248	95	4,428,000	96	4,683,000	97
South Dakota	2,868,547	71	2,954,000	71	3,124,000	72
Tennessee	6,352,789	167	6,542,000	168	6,919,000	170
Texas	29,148,788	596	30,018,000	600	31,745,000	606
Utah	2,150,751	46	2,215,000	46	2,342,000	47
Vermont	499,786	7	515,000	7	544,000	7
Virginia	8,018,727	195	8,258,000	196	8,733,000	198
Washington	4,416,855	118	4,549,000	119	4,810,000	120
West Virginia	1,447,381	23	1,491,000	23	1,576,000	23
Wisconsin	7,171,252	139	7,385,000	140	7,810,000	141
Wyoming	295,148	2	304,000	2	321,000	2
Guam	33,942	1	35,000	1	37,000	1
Puerto Rico	2,362,466	62	2,433,000	62	2,573,000	63
Samoa	39,669	1	41,000	1	43,000	1
Virgin Islands	63,996	1	66,000	1	70,000	1
Foreign Countries	390,617	3	403,000	3	426,000	3
Total Available or Estimate	404,827,992	9,121	416,898,000	9,175	440,882,000	9,277

ECONOMIC RESEARCH SERVICE

Purpose Statement

The Economic Research Service (ERS), was established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

ERS's mission is to provide economic and other social science information and analysis for improving the performance of agricultural and rural America.

ERS produces such information as a service to the general public and to help Congress and the administration develop, administer, and evaluate agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public. In addition, ERS produces economic and other social science information about the organization and institutions of the U.S. and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made available to the public through research monographs, situation and outlook reports, standardized data products in electronic media, professional and trade journals (including The Journal of Agricultural Economics Research), magazines (including Agricultural Outlook, Farmline, National Food Review, and Rural Development Perspectives), radio, television, newspapers, and frequent participation of ERS staff at various public forums.

ERS has four program divisions--Commodity Economics, Agriculture and Trade Analysis, Resources and Technology, and Agriculture and Rural Economy--that carry out the four principal functions of ERS: research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators. Research and economic and statistical indicators provide the knowledge base and the data base for the situation and outlook and staff analysis functions. The products of the situation and outlook analysis function are periodic reports that analyze the current situation and that forecast the short-term outlook for major agricultural commodities, agricultural exports, agricultural finance, agricultural resources, and world agriculture. Staff analysis entails assessments of issues requiring policy decisions by the administration and Congress.

ERS is located in Washington, D.C. As of September 30, 1989, ERS had 769 permanent, full-time employees and 41 part-time employees.

ECONOMIC RESEARCH SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated 1990 and 1991

Item	1989 Actual Amount	1989 Actual Staff-Years	1989 Estimated Amount	1989 Estimated Staff-Years	1991 Estimated Amount	1991 Estimated Staff Years
Economic Research Service ...	$49,436,000	775	$50,689,000	839	$56,262,000	824
Obligations under other USDA appropriations:						
Agricultural Marketing Service for study of marketing of U.S. agricultural products	74,536	--	100,000	--	100,000	
Animal and Plant Health Inspection Service for pest management studies ...	35,000	--	--	--	--	
Agricultural Research Service for evaluation studies	35,536	--	40,000	--	40,000	
Cooperative State Research Service for review of agricultural research projects	125,829	2	100,000	1	100,000	1
Extension Service for support of Great Plains Council	7,536	--	--	--	--	--
Foreign Agricultural Service for international trade studies	20,000	--	14,000	--	14,000	--
Federal Crop Insurance Corporation for OMB crop insurance study	186,219	1	50,000	1	50,000	1
Federal Grain Inspection Service for grading and price impact studies	71,931	1	46,000	1	46,000	1
Farmers Home Administration for study of wastewater needs in rural areas	9,223	--	--	--	--	--
Human Nutrition Information Service for analysis of food consumption survey	50,469	--	46,000	--	46,000	--
National Agricultural Statistics Service for aquaculture study	105,000	3	5,000	--	5,000	--
Packers and Stockyards Administration for personnel detail	64,862	1	35,000	--	35,000	--
Soil Conservation Service for support of Great Plain Council	7,536	--	--	--	--	--
World Agricultural Outlook Board for purchase of survey data	5,000	--	5,000	--	5,000	--
Total, Other USDA Appropriations	798,677	8	441,000	3	441,000	3
Total, Agriculture Appropriations	50,234,677	783	51,130,000	842	56,703,000	827

Item	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	1991 Estimated Amount	1991 Estimated Staff-Years
Other Federal Funds:						
Agency for International Development for personnel detail	12,191	--	15,000	--	15,000	--
Bureau of Reclamation, USDI for personnel detail	--	--	8,000	--	8,000	--
Council of Economic Advisors for personnel detail	--	--	30,000	--	30,000	--
Forest Service for support of Great Plains Council	7,536	--	10,000	--	10,000	--
Office of International Cooperation and Development for personnel details and food aid studies	864,162	8	986,000	7	986,000	7
Office of Management and Budget for personnel detail	6,905	--	10,000	--	10,000	--
Total, Other Federal Funds	890,794	8	1,059,000	7	1,059,000	7
Non-Federal Funds:						
Miscellaneous Contributed Funds for Boll Weevil Foundation, National Honey Board, publication & data sales, and other private organizations	255,026	1	267,000	1	200,000	1
Total, Non-Federal Funds	255,026	1	267,000	1	200,000	1
Total, Economic Research Service	51,380,497	792	52,456,000	850	57,962,000	835

Full-time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	792	850	835
Non-ceiling	--	--	--
Total	792	850	835

ECONOMIC RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	FY 1989 Headquarters	FY 1989 Field	FY 1989 Total	FY 1990 Headquarters	FY 1990 Field	FY 1990 Total	FY 1991 Headquarters	FY 1991 Field	FY 1991 Total
ES-5	1	--	1	1	--	1	1	--	1
ES-4	6	--	6	6	--	6	6	--	6
ES-2	--	--	--	1	--	1	1	--	1
GS/GM-16	1	--	1	1	--	1	1	--	1
GS/GM-15	54	--	54	58	--	58	57	--	57
GS/GM-14	113	1	114	123	--	123	121	--	121
GS/GM-13	195	3	198	213	1	214	210	--	210
GS-12	135	--	135	146	--	146	143	--	143
GS-11	31	--	31	34	--	34	34	--	34
GS-9	32	--	32	35	--	35	34	--	34
GS-8	17	--	17	18	--	18	18	--	18
GS-7	57	--	57	62	--	62	60	--	60
GS-6	42	--	42	45	--	45	45	--	45
GS-5	54	--	54	58	--	58	57	--	57
GS-4	21	--	21	23	--	23	22	--	22
GS-3	3	--	3	3	--	3	3	--	3
GS-2	2	--	2	2	--	2	2	--	2
GS-1	1	--	1	1	--	1	1	--	1
Total Permanent Positions.....	765	4	769	830	1	831	816	--	816
Staff-Years									
Ceiling.....	788	4	792	849	1	850	835	--	835
Non-Ceiling...	--	--	--	--	--	--	--	--	--
TOTAL.....	788	4	792	849	1	850	835	--	835

ECONOMIC RESEARCH SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters.....	30,879,346	32,436,000	33,675,000
Field.....	134,799	39,000	0
11 Total personnel compensation.....	31,014,145	32,475,000	33,675,000
12 Personnel Benefits...	5,090,865	5,627,000	5,792,000
13 Benefits for former personnel.....	18,688	19,000	21,000
Total Pers. Comp. & Benefits.....	36,123,698	38,121,000	39,488,000
Other Objects:			
21 Travel.....	720,183	739,000	802,000
22 Transportation of things.....	77,625	80,000	86,000
23.3 Communications, utilities and miscellaneous charges..	1,054,179	1,082,000	1,174,000
24 Printing and reproduction.....	427,654	469,000	476,000
25 Other services.....	7,945,743	8,030,000	11,859,000
26 Supplies and materials.....	753,461	779,000	839,000
31 Equipment.....	2,277,933	1,389,000	1,538,000
Total other objects.....	13,256,778	12,568,000	16,774,000
Total direct obligations..	49,380,476	50,689,000	56,262,000

Position Data:

Average Salary, ES positions.....	$76,714	$79,275	$96,716
Average Salary, GM/GS positions.....	$39,533	$40,550	$41,969
Average Grade, GM/GS positions.....	11.0	11.0	11.0

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Economic Research Service:

For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, including economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of the United States farm products, [$51,102,000] $56,262,000 [of which $500,000 shall be available for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental
1 Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: Provided, That this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer]: Provided [further], That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225)[: Provided further, That this appropriation shall be available for analysis of statistics and related facts on
2 foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis].

The two changes in language propose deletion of dollar floors and related provisions on EPA actions, price spreads, and foreign production and competition that are part of the ERS ongoing program.

ECONOMIC RESEARCH SERVICE

Appropriation Act, 1990		$51,102,000
Budget Estimate, 1991		56,262,000
Increase in Appropriation		+5,160,000
Adjustments in 1990		
Appropriation Act, 1990	$51,102,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177).....	-513,000	
Activities transferred from National Agricultural Statistics Service a/ ..	+100,000	
Adjusted base for 1990		50,689,000
Budget Estimate, 1991		56,262,000
Increase over adjusted 1990		+5,573,000

a/ Pursuant to an agreement between the Economic Research Service and the National Agricultural Statistics Service $100,000 for an aquaculture situation and outlook report will be transferred to the Economic Research Service from the National Agricultural Statistics Service for FY 1990. On a comparable basis, the full annual cost of the activity is $100,000 for FY 1990 and $100,000 for FY 1991.

Summary of Increase
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Economic Analysis and Research.....	$50,689,000	+$1,848,000	+$3,725,000	$56,262,000

Project Statement

(On basis of adjusted appropriation)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase	Amount	Staff Years
Economic Analysis and Research.....	$49,380,476	775	$50,689,000	839	(1) +$5,573,000	$56,262,000	824
Unobligated Balance.....	55,524	--	--	--	--	--	--
Total available or estimate.....	49,436,000	775	50,689,000	839	+5,573,000	56,262,000	824
Transfer from National Agricultural Statistics Service.....	-100,000	--	-100,000	--	--	--	--
Gramm-Rudman Holling Reduction ...	--	--	+513,000	--	--	--	--
Total, Appropriation.	49,336,000	775	51,102,000	839			

EXPLANATION OF PROGRAM

The appropriation for the Economic Research Service funds the following activity:

-- Economic analysis and research--This activity includes research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators in the four major program areas--commodity economics, agriculture and trade analysis, resources and technology, and agriculture and rural economy.

GAO Report GAO/RCED-89-75BR 3/89, Pesticides: Economic Research's Analysis of Proposed EPA Actions.

JUSTIFICATION OF INCREASES

(1) An increase of $5,573,000 for economic analysis and research consisting of:

(a) A total increase of $1,848,000 to restore the 4.1-percent pay raise effective in January 1989 ($1,300,000) and a FY 1991 pay raise of 3.5-percent ($548,000). (The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.)

Need for Change. The first increase of $1,300,000 is to restore the 4.1-percent pay raise effective January 1989 and $500,000 to provide for the unabsorbed half of a proposed 3.5-percent pay raise effective January 1991 and to enable ERS to maintain its budget at the current services level.

(b) An increase of $1,600,000 for analysis of food safety issues ($325,000 available in 1990).

Need for Change. This increase of $1,600,000 is in support of the Administration's Food Safety Initiative. For its part, ERS will provide analysis evaluation of primary and secondary information and survey data in food safety issues and agricultural chemical use to:

- provide analytic support for USDA food safety and pesticide assessment activities and the evaluation of the costs and benefits of alternative public and private control strategies; and

- assess the impact of pesticide regulation and residue control programs on food safety.

Nature of Change. Both activities will focus on impacts on yields, production, input use, consumer supplies and prices, farm incomes, government program costs, production costs, international competitiveness, worker safety, and the overall quality of the environment. This increased focus on data management, analysis, and policy evaluation requires separate activities to collect pesticide use and food safety-related data.

(c) An increase of $2,125,000 to expand chemical data collection and water quality analysis ($2,600,000 available in 1990).

Need for Change. This increase of $2,125,000 is in support of the Administration's Water Quality Initiative. For its part, ERS will provide statistically reliable agricultural chemical use data in States covered by Water Quality Initiative and analytical support for water quality programs. In response to the needs of USDA and other Federal agencies for research, education, technical assistance, and pesticide benefit-cost and risk managements, ERS will expand water quality-related data collection and economic and policy analysis. While the FY 1990 budget increase reestablished ERS's capabilities to conduct periodic, national pesticide use surveys, the data will not be statistically reliable at the State level. A portion ($600,000) of this initiative is needed to use a sufficiently large sample so that agricultural input data are statistically reliable at the watershed level in the State covered by USDA's Midwest Water Quality Initiative and that data on agricultural chemical use and related practices on major field crops are collected by ERS and NASS with adequate frequency.

Nature of Change. These refinements are required to ensure that the data meet interagency water quality research needs as well as being sufficient to establish agricultural chemical use characteristics. ERS will also provide analytical support for water quality programs consistent with

expanded departmentwide efforts. ERS will assess the relative economic advantages of alternative voluntary approaches to increased water quality protection. ERS will also evaluate the economic feasibility of new technologies and practices under development by ARS, CSRS, and the States and support USDA's Geographical Information System development efforts led by SCS and FS by providing pesticide use information by area.

Economic Research Service

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	$ 80,658	--	16,000	--	16,000	--
Arkansas.....	46,439	1	35,000	1	--	--
California.....	85,705	--	30,000	--	30,000	--
Colorado.....	97,500	1	38,000	--	38,000	--
Connecticut.....	16,629	--	--	--	--	--
District of Columbia.....	47,937,264	771	50,132,000	838	55,740,000	824
Florida.....	51,869	--	--	--	--	--
Georgia.....	36,000	--	--	--	--	--
Illinois.....	128,998	--	--	--	--	--
Indiana.....	110,904	1	93,000	--	93,000	--
Iowa.....	83,577	--	32,000	--	32,000	--
Kentucky.....	--	--	40,000	--	40,000	--
Louisiana.....	15,096	--	--	--	--	--
Maine	15,000	--	--	--	--	--
Maryland.....	20,500	--	45,000	--	45,000	--
Michigan	25,000	--	--	--	--	--
Minnesota.....	82,325	--	22,000	--	22,000	--
Missouri	47,500	--	10,000	--	10,000	--
Montana.....	39,754	--	8,000	--	8,000	--
Nebraska.....	9,515	--	--	--	--	--
New Mexico.....	39,900	--	--	--	--	--
New York.....	90,383	--	46,000	--	46,000	--
North Carolina...	49,941	--	39,000	--	39,000	--
Ohio.....	56,519	1	13,000	--	13,000	--
Oklahoma.....	58,500	--	8,000	--	8,000	--
Oregon.....	28,000	--	--	--	--	--
Pennsylvania.....	20,000	--	--	--	--	--
Tennessee.....	13,000	--	13,000	--	13,000	--
Texas.....	20,500	--	12,000	--	12,000	--
Virginia.....	30,000	--	--	--	--	--
Washington.....	43,500	--	57,000	--	57,000	--
Total, Available or Estimate...	49,380,476	775	50,689,000	839	56,262,000	824

NATIONAL AGRICULTURAL STATISTICS SERVICE

Purpose Statement

The National Agricultural Statistics Service (NASS) was reestablished as a separate agency in the USDA on September 30, 1981. The primary responsibilities of NASS are the development and issuance of national and State agricultural statistics and the conduct of statistical research as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS programs are conducted in the following major areas:

1. Crop and Livestock Estimates. This area includes the conducting of mail, enumerative and objective measurement surveys; summarizing and analyzing survey data; developing estimates of production, supply, price and other aspects of the agricultural economy; preparation and issuance of the official USDA national and State estimates and reports relating to acreages, types, and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.

2. Statistical Research and Service. This area includes the research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.

3. Work Performed for Others. Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support, and technical assistance programs abroad under participating agency service agreements.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., with a large part of the agricultural statistics program carried out through 45 State Statistical Offices serving the 50 States. Most State Statistical Offices are operated as joint State and Federal services through cooperative arrangements with various State agencies. As of September 30, 1989, the Service had 1,006 full-time permanent employees and 106 part-time employees, including 363 permanent full-time and 47 part-time employees located in Washington, D.C.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated 1990 and 1991

Item	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	1991 Estimated Amount	1991 Estimated Staff-Years
National Agricultural Statistics Service	$63,488,000	954	$66,876,000	921	$81,151,000	1,096
Obligations under other USDA appropriations:						
Agricultural Cooperative Service for data processing and consulting services	75,000	--	75,000	--	75,000	--
Agricultural Marketing Service for data on milk prices	55,000	1	56,000	1	56,000	1
Animal and Plant Health Inspection Service for animal health monitoring system	153,000	2	360,000	5	360,000	5
Agricultural Research Service for the Environmental Monitoring and Assessment Program	--	--	25,000	--	25,000	--
Agricultural Stabilization and Conservation Service (CCC) for data on feed grains	100,000	1	100,000	1	100,000	1
Economic Research Service for data on cropping practices, farm costs and returns, farm and rural land markets, land transfer, land values, farm real estate taxes and water quality	3,351,000	53	4,393,000	60	4,393,000	60
Extension Service for printing	--	--	2,500	--	2,500	--
Foreign Agricultural Service for data on sugar	62,000	1	66,000	1	66,000	1
Federal Crop Insurance Corporation for acreage and yield production data on insured crops	540,000	8	575,000	8	575,000	8
Forest Service for data on grazing fees	33,000	--	33,000	--	33,000	--
Human Nutrition Information Service for consulting services	100,000	2	100,000	2	100,000	2
World Agricultural Outlook Board for printing of grain report and lockup support	6,275	--	6,500	--	6,500	--
Total, Other USDA Appropriations	4,475,275	68	5,792,000	78	5,792,000	78
Total, Agriculture Appropriations	67,963,275	1,022	72,668,000	999	86,943,000	1,174

Item	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	1991 Estimated Amount	1991 Estimated Staff-Years
Other Federal Funds:						
Commerce, Department of, for data on horticulture and land ownership, State and county estimates, and Census of Agriculture.....	217,940	3	15,000	—	15,000	—
Interior, Department of, for data on grazing fees.....	33,000	—	33,000	—	33,000	—
Labor, Department of, for assistance in research on computer assisted telephone interview techniques.	190,000	—	125,000	—	125,000	—
Office of International Cooperation and Development (from AID) for training, technical assistance, and equipment.....	1,010,078	10	935,000	9	935,000	9
Total, Other Federal Funds	1,451,018	13	1,108,000	9	1,108,000	9
Non-Federal Funds:						
State Agencies for survey work.....	1,352,341	22	1,700,000	24	1,700,000	24
Miscellaneous Contributed Funds for distribution of crop releases and data tapes, nutrient analysis and for data on catfish, honey, hops, malting barley, milk, oats, soybeans, turfgrass, water, and wheat.....	219,499	2	200,000	2	200,000	2
Total, Non-Federal Funds.	1,571,840	24	1,900,000	26	1,900,000	26
Total, National Agricultural Statistics Service.....	70,986,133	1,059	75,676,000	1,034	89,951,000	1,209

Full-time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling.....	1,059	1,034	1,209
Non-ceiling.....	1	2	2
Total.....	1,060	1,036	1,211

NATIONAL AGRICULTURAL STATISTICS SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	FY 1989 Headquarters	FY 1989 Field	FY 1989 Total	FY 1990 Headquarters	FY 1990 Field	FY 1990 Total	FY 1991 Headquarters	FY 1991 Field	FY 1991 Total
ES-5	1	--	1	1	--	1	1	--	1
ES-4	5	--	5	4	--	4	4	--	4
ES-3	1	--	1	1	--	1	2	--	2
ES-2	--	--	--	1	--	1	1	--	1
ES-1	1	--	1	1	--	1	--	--	--
GS/GM-15	18	13	31	18	13	31	18	13	31
GS/GM-14	35	37	72	36	37	73	36	37	73
GS/GM-13	117	68	185	115	68	183	130	78	208
GS-12	30	91	121	30	90	120	34	104	138
GS-11	16	61	77	16	60	76	18	70	88
GS-9	15	54	69	15	53	68	17	64	81
GS-8	15	1	16	15	1	16	17	1	18
GS-7	25	69	94	25	68	93	28	80	108
GS-6	33	84	117	32	83	115	36	95	131
GS-5	34	82	116	33	81	114	37	93	130
GS-4	12	58	70	12	57	69	14	65	79
GS-3	3	20	23	3	20	23	3	23	26
GS-2	2	--	2	2	--	2	2	--	2
Other Graded Positions.....	--	5	5	--	5	5	--	5	5
Total Permanent Positions.....	363	643	1,006	360	636	996	398	728	1,126
Staff-Years									
Ceiling.....	393	666	1,059	366	668	1,034	401	808	1,209
Non-Ceiling...	--	1	1	1	1	2	1	1	2
TOTAL.....	393	667	1,060	367	669	1,036	402	809	1,211

NATIONAL AGRICULTURAL STATISTICS SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters.....	13,057,949	12,595,000	12,981,000
Field.....	17,662,681	18,238,000	23,400,000
11 Total personnel compensation.....	30,720,630	30,833,000	36,381,000
12 Personnel benefits.....	5,637,549	6,031,000	7,042,000
13 Benefits for former personnel.....	11,764	7,000	7,000
Total Pers. Comp. & Benefits.....	36,369,943	36,871,000	43,430,000
Other Objects:			
21 Travel.....	1,137,046	1,429,000	1,748,000
22 Transportation of things.....	275,503	316,000	345,000
23.3 Communications, utilities and miscellaneous charges.....	3,293,290	3,330,000	3,839,000
24 Printing and reproduction.....	450,577	526,000	569,000
25 Other services.....	19,151,511	19,749,000	25,780,000
26 Supplies and materials.....	941,246	1,137,000	1,474,000
31 Equipment.....	1,712,205	3,518,000	3,966,000
43 Interest and dividends.....	1,407	--	--
Total other objects.....	26,962,785	30,005,000	37,721,000
Total direct obligations.....	63,332,728	66,876,000	81,151,000
Position Data:			
Average Salary, ES positions.....	$75,525	$77,675	$95,125
Average Salary, GM/GS positions.....	$32,511	$33,761	$34,516
Average Grade, GM/GS..... positions.....	9.3	9.3	9.2

NATIONAL AGRICULTURAL STATISTICS SERVICE

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

NATIONAL AGRICULTURAL STATISTICS SERVICE:

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, [$67,901,000] $81,151,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $40,000 shall be available for employment under 5 U.S.C. 3109.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations Act, 1990		$67,901,000
Budget Estimate, 1991		81,151,000
Increase in Appropriation		+ 13,250,000
Adjustments in 1990:		
Appropriation Act, 1990	$67,901,000	
Gramm-Rudman-Hollings Reductions (P.L. 99-177)	-925,000	
Activities transferred to the Economic Research Service a/	-100,000	
Adjusted base for 1990		66,876,000
Budget estimate, 1991		81,151,000
Increase over adjusted 1990		14,275,000

a/ Pursuant to an agreement between the Economic Research Service and the National Agricultural Statistics Service, $100,000 for an aquaculture situation and outlook report will be transferred to the Economic Research Service from the National Agricultural Statistics Service for FY 1990. On a comparable basis, the full annual cost of the activity is $100,000 for FY 1990 and $100,000 for FY 1991.

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Agricultural Labor Data	$2,480,000	--	+ $1,850,000	$4,330,000
Improved Sampling Frame for Agriculture	4,068,000	--	+ 2,400,000	6,468,000
Improved Data for Food Safety	--	--	+ 7,000,000	7,000,000
All Other	60,328,000	+ $2,100,000	+ 925,000	63,353,000
Total Available	66,876,000	+ 2,100,000	+ 12,175,000	81,151,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff-Years
1. Crop and Livestock Estimates	$60,435,728	913	$63,784,000	880	(1) +$14,137,000	$77,921,000	1,055
2. Statistical Research and Service	2,897,000	41	3,092,000	41	(2) 138,000	3,230,000	41
Unobligated balance	155,272	--	--	--	--	--	
Total available or estimate	63,488,000	954	66,876,000	921	+ 14,275,000	81,151,000	1,096
Transfer to ERS for Aquaculture	100,000	--	100,000	--			
Gramm-Rudman-Hollings Reduction	--	--	925,000	--			
Total, appropriation	63,588,000	954	67,901,000	921			

EXPLANATION OF PROGRAM

The National Agricultural Statistics Service has two major activities authorized by the Agricultural Marketing Act of 1946, as follows:

-- Crop and Livestock Estimates - Agricultural production and marketing data are collected, summarized, analyzed, and published for a wide range of items including: number of farms and land in farms; acreage, yield, and production for grains; inventories and production of hogs, cattle, sheep and wool, goats, catfish, trout, poultry, eggs, and dairy products; prices paid for commodities and services, and related indexes; cold storage supplies, and related areas of the agricultural economy. Estimates for about 120 crops and 45 livestock items are published in about 300 Federal reports each year. All information is made available to the public and news media at scheduled release times.

-- Statistical Research and Service - Research is conducted to improve the statistical methods and techniques used in developing agricultural statistics. This research is directed toward better sampling, yield forecasting, and survey techniques. Research under the remote sensing program is continuing to improve the accuracy of domestic and foreign crop acreage and land cover estimates.

OIG Reports:

USDA, Office of Inspector General (OIG), Audit Report No. 5009-44-Te, dated September 1989, entitled "Review of National Agricultural Statistics Service Controls Over the Calculation of National Average Market Prices for the 1987-88 Marketing Year"(Final Report)

USDA, OIG Audit Report 29530-1FM dated November 21, 1988, entitled "Review of Security Over National Agricultural Statistics Service and World Outlook Board Statistical Forecasting Data"(Final Report)

USDA, OIG Audit Report No. 26600-1At(1) dated October 6, 1989, entitled "Review of Data Used to Determine Deficiency Payment Rates for Upland Cotton" (ongoing)

JUSTIFICATION OF INCREASES

(1) An increase of $14,137,000 for crop and livestock estimates consisting of:

(a) An increase of $2,005,000 for pay costs: $1,313,000 for FY 1989 paycosts, and $692,000 for one-half of FY 1991 paycosts. (The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.)

(b) An increase of $1,850,000 for Agricultural Labor Data. ($2,480,000 available in 1990).

Need for Change. There is an urgent demand for more hired agricultural labor and wage rate data of greater reliability and for more specific geographic areas. Improvement is also needed in the frequency of reports and some survey procedures.

Nature of Change. There will be increased frequency of estimates of hired workers during peak labor periods and expanded coverage of farm labor wage rate information for seasonal production activities in ten States selected on the basis of seasonal and total labor usage. Three States (California, Florida and Texas) would have monthly coverage and the remaining seven (Michigan, New York, North Carolina, Pennsylvania, Oregon, Washington and Wisconsin) would have monthly coverage from April through October and a January survey. The remaining 39 States, excluding Alaska, would continue with quarterly regional coverage.

(c) An increase of $2,400,000 for Improved Sampling Frame for Agriculture ($4,068,000 available in 1990).

Need for Change. There is a need for more comprehensive list frame coverage to permit more efficient survey designs, data collection processes, and maintenance procedures. This initiative would also respond to OMB efforts to name NASS as the responsible agency for development and maintenance of a central farm list for all Federal statistical programs and will result in an improved mailing list for the 1992 Census of Agriculture.

Nature of Change. Frame coverage would be made more comprehensive by acquiring additional lists from USDA and other sources and by having field enumerators active in targeted areas to locate operators not currently on the list. Frame coverage would be made more complete for commercial farms and for various types of farms that are currently considered to be most incomplete on the current list. Maintenance procedures would also be improved in order to eliminate non-farms from the frame and reduce within-list duplication which can be a source of serious statistical bias.

(d) An increase of $7,000,000 for Improved Data for Food Safety ($0 available in 1990).

Need for Change. There is a critical need to build a comprehensive food safety information system to aid public policy decisionmaking. An adequate chemical use data base does not currently exist. The last extensive collection of pesticide use data for major field crops was in 1982. For specialty crops, where dietary exposure can be high, the data collection is even more out of date. The Improvement of Food Safety is part of a $25,000,000 Department of Agriculture data initiative. The NASS responsibility covers chemical usage at the farm level while other Agencies (HNIS, AMS) are responsible for measuring chemical residues at later stages in the food chain.

Nature of Change. Surveys of farmers will be conducted in order to determine the types and amounts of chemicals (pesticides, herbicides, fertilizers, etc.) that are used on specific crops in each State. These funds will be supplemented with other funding from ERS and possibly from State Departments of Agriculture in order to maximize commodity coverage and frequency of reports. Information will be collected on a three-year cycle for 30 commodities, covering about 90 percent of U.S. production, and will have State-level reliability. A series of regular reports using these farm level data will provide the critical statistics to assess issues related to food safety, water quality, and pesticide regulation programs and policies.

(e) An increase of $882,000 for Statistical Quality Improvements.

Need for Change. Data users, including Federal officials, continue to request more accurate information. Therefore, NASS is requesting funds to restore survey capabilities that were eliminated in FY 1990 because of budget restraints.

Nature of Change. Restored survey capabilities would include broader geographic coverage and/or increased sample sizes for the crop yield survey program; objective yield measurement surveys for rice, wheat, and soybeans; and improved reliability for the mid-year cattle survey.

(2) An increase of $138,000 for statistical research and service consisting of:

(a) An increase of $95,000 for pay costs: $69,000 for FY 1989 paycosts, and $26,000 for one-half of FY 1991 paycosts. (The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.)

(b) An increase of $43,000 for cooperative research projects with outside organizations.

Need for Change. Research is critical for future viability of statistical programs. Because of budget restraints, the NASS research program has been reduced in the last few years making it difficult to keep abreast of new methodology or to do sufficient basic statistical research.

Nature of Change. This increase would permit NASS to continue its cooperative research projects with universities and statistical organizations for programs associated with improved sampling, data collection, and forecasting techniques.

NATIONAL AGRICULTURAL STATISTICS SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	$697,454	13	$735,000	13	$937,000	16
Alaska.....	103,118	2	109,000	2	139,000	2
Arizona.....	494,348	9	521,000	9	664,000	11
Arkansas.....	1,086,859	18	1,146,000	18	1,461,000	22
California.....	3,127,750	32	3,307,000	31	4,215,000	38
Colorado.....	920,879	17	971,000	16	1,238,000	20
Delaware.....	53,109	1	57,000	1	73,000	1
District of Columbia.....	23,877,104	354	25,299,000	326	28,156,000	361
Florida.....	1,075,362	17	1,133,000	17	1,444,000	21
Georgia.....	948,393	16	1,009,000	16	1,286,000	20
Hawaii.....	362,132	7	382,000	7	487,000	9
Idaho.....	791,458	14	834,000	14	1,063,000	17
Illinois.....	1,322,878	17	1,395,000	17	1,778,000	21
Indiana.....	945,588	16	997,000	16	1,271,000	20
Iowa.....	1,198,429	17	1,288,000	17	1,642,000	21
Kansas.....	1,157,699	16	1,221,000	16	1,556,000	20
Kentucky.....	825,505	14	871,000	14	1,110,000	17
Louisiana.....	912,505	11	963,000	11	1,228,000	14
Maryland.....	602,582	9	608,000	9	775,000	11
Michigan.....	1,153,963	18	1,174,000	18	1,496,000	22
Minnesota.....	1,233,431	17	1,300,000	17	1,657,000	21
Mississippi....	1,116,469	13	1,177,000	13	1,500,000	16
Missouri.....	1,073,779	17	1,132,000	17	1,443,000	21
Montana.....	590,120	10	622,000	10	793,000	12
Nebraska.....	1,156,742	18	1,220,000	18	1,555,000	22
Nevada.....	183,544	4	194,000	4	247,000	5
New Hampshire..	752,018	13	782,000	13	997,000	16
New Jersey.....	462,750	9	488,000	9	622,000	11
New Mexico.....	430,184	8	483,000	8	616,000	10
New York.....	1,141,424	14	1,203,000	14	1,533,000	17
North Carolina.	1,084,929	15	1,144,000	15	1,458,000	19
North Dakota...	804,964	15	849,000	15	1,082,000	19
Ohio.....	934,090	15	956,000	15	1,219,000	19
Oklahoma.....	875,008	13	923,000	13	1,177,000	16
Oregon.....	800,751	13	844,000	13	1,076,000	16
Pennsylvania...	861,357	15	908,000	14	1,157,000	17
South Carolina.	596,280	11	628,000	11	800,000	14
South Dakota...	768,649	13	811,000	13	1,034,000	16
Tennessee.....	946,805	13	998,000	12	1,272,000	15
Texas.....	2,041,573	25	2,151,000	24	2,742,000	29
Utah.....	413,333	8	435,000	8	554,000	10
Virginia.....	708,043	12	762,000	12	971,000	15
Washington.....	861,110	13	908,000	13	1,157,000	16
West Virginia..	380,845	7	402,000	7	512,000	9
Wisconsin.....	998,454	17	1,052,000	17	1,341,000	21
Wyoming.....	458,961	8	484,000	8	617,000	10
Total, Available or Estimate..	63,332,728	954	66,876,000	921	81,151,000	1,096

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the replacement of 3 passenger motor vehicles.

The passenger motor vehicles of the National Agricultural Statistics Service are used (where common carrier or GSA vehicles are not feasible) for necessary field travel in carrying out the mission of the agency. All passenger motor vehicles are located at various field offices.

Replacement of passenger motor vehicles. Replacement of 3 of the 14 vehicles now in operation is proposed. These 14 vehicles are located in 13 field locations and are necessary to meet the transportation requirements inherent in carrying out the agency's program. The vehicles proposed to be replaced will have passed the minimum replacement standards of 6 years of age or 60,000 miles prescribed by the General Services Administration.

Age and mileage data for motor vehicles on hand as of September 30, 1989, are as follows:

Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percent of Total
1984 or older	2	14	80-100	0	0
1985	4	29	60-80	3	21
1986	1	7	40-60	3	21
1988	3	21	20-40	3	21
1989	4	29	Under 20	5	36
Total	14	100	Total	14	100 a/

a/ Column does not add because of rounding.

WORLD AGRICULTURAL OUTLOOK BOARD

Purpose Statement

The World Agricultural Outlook Board (WAOB) was created by the Secretary of Agriculture on June 3, 1977, under the authority of the Reorganization Plan No. 2 of 1953. The WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB's primary objective is to improve the consistency, objectivity and reliability of outlook and situation material developed in the Department.

WAOB functions include information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; and coordination of weather, climate and remote sensing research and forecasting techniques.

The WAOB is located in Washington, D.C. As of September 30, 1989, there were 27 full-time employees. Budget, personnel, administrative and general managerial support are provided by the Economics Management Staff.

WORLD AGRICULTURAL OUTLOOK BOARD

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
World Agricultural Outlook Board	$1,820,000	28	$1,910,000	32	$2,404,000	33
Obligations under other USDA appropriations:						
Forest Service for Centennial Cooperative Weather Station	3,000	--	--	--	--	--
Economic Research Service for annual Outlook Conference..	13,577	--	16,500	--	17,000	--
Extension Service for annual Outlook Conference	9,050	--	11,000	--	11,300	--
Foreign Agricultural Service for annual Outlook Conference..	4,526	--	5,500	--	5,700	--
Total, Other USDA Appropriations....	30,153	--	33,000	--	34,000	--
Total, Agriculture Appropriations....	1,850,153	28	1,943,000	32	2,438,000	33
Total, World Agricultural Outlook Board.....	1,850,153	28	1,943,000	32	2,438,000	33

Full-Time Equivalent Staff-Years:	1988 Actual	1989 Estimated	1990 Estimated
Ceiling	28	32	33
Non-ceiling	--	--	--
Total	28	32	33

WORLD AGRICULTURAL OUTLOOK BOARD

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters	1990 Headquarters	1991 Headquarters
ES-4	2	2	2
GS/GM-15	8	9	9
GS/GM-14	3	3	3
GS/GM-13	2	3	4
GS-12	5	7	7
GS-11	2	1	2
GS-9	1	3	3
GS-8	1	1	1
GS-7	2	3	2
GS-6	1	--	--
Total Permanent Positions	27	32	33
Staff-Years:			
Ceiling	28	32	33
Non-Ceiling	--	--	--
Total	28	32	33

WORLD AGRICULTURAL OUTLOOK BOARD

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$1,288,901	$1,357,000	$1,512,000
Field	- -	- -	- -
11 Total personnel compensation	1,288,901	1,357,000	1,512,000
12 Personnel benefits ...	177,553	194,000	214,000
13 Benefits for former personnel	35	- -	- -
Total pers. comp. & benefits	1,466,489	1,551,000	1,726,000
Other Objects:			
21 Travel	35,312	32,000	32,000
22 Transportation of things	362	- -	- -
23.3 Communications, utilities, and misc. charges	57,223	60,000	60,000
24 Printing and reproduction	22,985	24,000	24,000
25 Other services	145,317	166,000	305,000
26 Supplies and materials	22,497	22,000	24,000
31 Equipment	54,812	55,000	233,000
43 Interest and dividends	90	- -	- -
Total other objects	338,598	359,000	678,000
Total direct obligations ...	1,805,087	1,910,000	2,404,000
Position Data:			
Average Salary, ES positions	$76,149	$79,200	$94,000
Average Salary, GM/GS positions	$45,760	$47,288	$48,326
Average Grade, GM/GS positions	12.68	12.23	12.39

WORLD AGRICULTURAL OUTLOOK BOARD

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

World Agricultural Outlook Board:

For necessary expenses of the World Agricultural Outlook Board to coordinate and review all commodity and aggregate agricultural and food data used to develop outlook and situation material within the Department of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [$1,936,000] $2,404,000: Provided, That this appropriation shall be made available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

WORLD AGRICULTURAL OUTLOOK BOARD

Appropriations Act, 1990		$1,936,000
Budget Estimate, 1991		2,404,000
Increase in Appropriation		+468,000
Adjustments in 1990		
Appropriation Act, 1990	$1,936,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-26,000	
Adjusted base for 1990		$1,910,000
Budget Estimate, 1991		2,404,000
Increase over adjusted 1990		+494,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Improved Operation of Agricultural Weather Systems	- -	- -	+$184,000	$184,000
ADP Maintenance and Replacement	$49,000	- -	+86,000	135,000
ADP Management Support	- -	- -	+38,000	38,000
Economic Meteorological Data Base Expansion/Remote Sensing Inventory	- -	- -	+109,000	109,000
All Other	1,861,000	+$77,000	- -	1,938,000
Total Available	1,910,000	+77,000	+417,000	2,404,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	1991 Estimated Increase	1991 Estimated Amount	1991 Estimated Staff-Years
1. Commodity and Aggregate Agricultural and Food Outlook and Situation	$1,805,087	28	$1,910,000	32	+$494,000	$2,404,000	33
Unobligated balance lapsing	14,913	--	--	--	--	--	--
Total, available or estimate	1,820,000	28	1,910,000	32	+494,000	2,404,000	33
Gramm-Rudman-Hollings Reduction	--	--	+26,000	--			
Total, appropriation	1,820,000	28	1,936,000	32			

EXPLANATION OF PROGRAM

The World Agricultural Outlook Board (WAOB) coordinates and reviews for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the U.S. Department of Agriculture. The WAOB provides a focal point for the Nation's economic intelligence relative to domestic and international food and agriculture, with two primary objectives: improving the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public; and integrating and coordinating USDA domestic and international economic information assistance. In a cooperative effort with the National Oceanic and Atmospheric Administration, the WAOB operates the Joint Agricultural Weather Facility which provides a daily review of significant weather developments around the world and their implications for agriculture. The WAOB's functions include market surveillance; coordination of assessments of international and domestic agricultural developments; weather, climate and remote sensing coordination; and forecasting techniques and information dissemination.

JUSTIFICATION OF INCREASES

(1) An increase of $494,000 as follows:

(a) An increase of $184,000 for improved operation of agricultural weather systems.

Need for Change. Rapid preparation and dissemination of timely and accurate agricultural weather information has become an essential tool for USDA decision-makers. The demand for high quality products to keep officials and analysts aware of both current events and accurate interpretations of seasonal conditions has increased substantially due to heightened concerns about weather variability around the world.

Nature of Change. Funding is needed to purchase, lease, install and maintain a weather information system. This system will provide the capability for rapid data retrieval, surveillance, and generation of high quality data and analysis to depict pertinent information for dissemination through briefings and releases.

(b) An increase of $109,000 for economic meteorological data base expansion/remote sensing inventory.

Need for Change. Participation in meteorological data base development at regional agricultural weather centers which provide farmers with weather data for use in making production decisions, is needed to facilitate USDA access to this critical information source. In January 1988, the Secretary of Agriculture directed the Assistant Secretary for Economics to take those actions needed to insure that the best expertise and analyses of the Department are incorporated into long-range projections. Funding is needed to coordinate USDA long-range commodity projections, monitor and evaluate the accuracy of global commodity supply/use projections and short-term forecasts. Finally, funding is requested to inventory and document, with contractor assistance, USDA-wide remote sensing activities, which total approximately $22 million. The inventory will strive to identify high priority areas not covered and to avoid costly duplication.

Nature of Change. Funds are needed to expand coverage and prepare improved crop yield assessments for the United States. This initiative would be dedicated entirely to monitoring U.S. weather and preparing related crop impact assessments. Funds are also needed to

coordinate and monitor USDA long-range commodity supply/demand projections, both domestic and foreign. Long-range commodity projections underlie estimates of expenditures by the Commodity Credit Corporation and estimates of program outlays in the President's Five-Year Budget. The accuracy of global commodity supply/demand estimates will be evaluated for the purpose of improving USDA forecasting performance. This will require construction and maintenance of an extensive data base. Finally, a remote sensing inventory will provide a basis for targeting remote sensing applications research, inform users of ongoing activities, facilitate comparison and evaluation of alternative remote sensing methodologies, and provide a basis for evaluating remote sensing as an information source.

(c) An increase of $86,000 for ADP maintenance and replacement.

Need for Change. The Board's ADP equipment is strategic to the successful and timely preparation of lockup reports. During lockup the Board and its computer system are isolated and outside assistance cannot be obtained in the event of system failure. The World Board ADP hardware inventory has significantly expanded. Since FY 1985, the Board's maintenance and replacement budgets have not kept pace with the Board's increased dependence on sophisticated ADP technologies. Present funding is inadequate to maintain and replace equipment which, allowing for mechanical and technical obsolescence, has an average service life of less than 3 years.

Nature of Change. Funding is needed for ADP maintenance and replacement of obsolete equipment. Obsolete and unreliable personal computers, disk drives, monitors and printers will be replaced with technologically superior and more reliable equipment. It is requested that the World Board maintenance and equipment budget be increased by $86,000.

(d) An increase of $38,000 for data management support.

Need for Change. The World Board has serviced demands for timely economic information largely through automation. Industrious use of computers has enabled the Board to be highly responsive to this growing list of demand with virtually no support staff. As a result, high graded staff must perform routine computer operations which could be more efficiently performed by an entry-level position.

Nature of Change. Additional statistical support is needed for the purpose of providing support to higher level staff. This position would manage the Board's economics data base, prepare graphics and tables as requested, input data for the World Agricultural Supply and Demand Estimates report, and provide backup for report generation during lockup. This position would also download reports from electronic mail boxes for review, input reports into the USDA-Electronic Dissemination of Information System, fax material as requested, and provide backup for monitoring wire systems for preparation of Daily Highlights.

(e) A total increase of $77,000 for restoration of FY 1989 pay costs ($43,000) and FY 1991 pay costs ($34,000). (The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.)

Need for Change. Since the World Board is a small agency, it does not have the budget flexibility to absorb pay costs. These funds will help sustain the program level and performance.

Nature of Change. The funds will be used for the January 1989 pay costs of 4.1 percent absorbed in full by the World Board in FY 1990. These funds will also be used for the FY 1991 pay costs of 3.5 percent, and the SES pay raise, fifty percent of which is to be absorbed by the agency.

World Agricultural Outlook Board
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	$1,805,087	28	$1,910,000	32	$2,404,000	33
Total Available or Estimate.....	1,805,087	28	1,910,000	32	2,404,000	33

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Purpose Statement

The Office Of International Cooperation and Development (OICD) was established by Secretary's Memorandum No. 1947 of May 1, 1978. OICD was given responsibility for technical assistance, international training and development programs, management of international organizational affairs, and scientific exchanges. OICD's functions were expanded by Secretary's Memorandum No. 1988, of October 26, 1979, which delegated to the Agency authority for international cooperative research. In August 1986, OICD was provided authority to disseminate information to the U.S. private sector on foreign market and investment opportunities.

OICD's mission is to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a global agricultural system capable of providing ample food and fiber for all people. In order to accomplish this mission, OICD applies United State Department of Agriculture policies and U.S. agricultural perspectives in its programs of international cooperation and development, and in its collaboration with foreign countries and other research institutions, Federal agencies, and the private sector.

OICD's program objectives are:

(1) To ensure that American agricultural interests related to global food security and international development are considered in the policy processes of the U.S. government and international organizations;

(2) To efficiently and creatively use resources available to USDA, universities, agribusiness, and international organizations in the implementation of international agricultural development and cooperative programs;

(3) To ensure that U.S. commodity groups, producers, and agribusiness benefit from research and other activities resulting from cooperative agreements with other countries;

(4) To initiate cooperative efforts with other countries and international organizations that lead to the sound management of natural resources; and

(5) To improve agricultural production and related capabilities of the developing countries by enlisting the resources of government, universities, and agribusiness in technical assistance, training, and scientific cooperative programs.

As of September 30, 1989, there were 173 permanent full-time employees (162 in headquarters and 11 on resident assignments overseas) and 29 other employees (25 in headquarters and 4 on resident assignments overseas.)

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries and Expenses.....	$5,319,000	60	$6,041,000	63	$4,893,000	65
Scientific Activities Overseas (Foreign Currency Research).....	1,000,000	—	875,000	—	—	—
Obligations under other USDA appropriations: Forest Service and APHIS for Associate Prof. Officer Prog.....	151,790	—	161,000	—	85,000	—
APHIS, ARS, ERS, For. Serv., FSIS, & NAL for Admin. of Internat'l Research.....	497,558	—	500,000	—	500,000	—
Total, Agriculture Appropriations.....	6,968,348	60	7,577,000	63	5,478,000	65
Other Federal Funds: Agency for International Development, for foreign nationals' training and development assistance...	27,757,693		41,339,000		41,415,000	
USAF for Administration of Internat'l Research...	376,932		400,000		223,000	
Total, Other Federal Funds.....	28,134,625	127	41,739,000	131	41,638,000	131
Non-Federal Funds: Contributions for USDA development assistance, training, and research (Spain, Venezuela, Saudi Arabia, international organizations)...	2,509,907	—	3,535,000	—	3,712,000	—
Total, Office of International Cooperation and Development.....	37,612,880	187	52,851,000	194	50,828,000	196

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling.....	187	194	196
Non-ceiling.....	25	21	21
Total.....	212	215	217

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters	1989 Field	1989 Total	1990 Headquarters	1990 Field	1990 Total	1991 Headquarters	1991 Field	1991 Total
ES-6	1		1		1	1		1	1
ES-5	1		1	1		1	1		1
ES-3				1		1	1		1
ES-2				1		1	1		1
ES-1	1		1						
GS/GM-15	8	1	9	8	1	9	8	1	9
GS/GM-14	28	1	29	28	1	29	28	1	29
GS/GM-13	27		27	27		27	29		29
GS-12	24		24	24		24	24		24
GS-11	6		6	6		6	6		6
GS-9	12		12	12		12	12		12
GS-8	5		5	5		5	5		5
GS-7	30		30	30		30	30		30
GS-6	11		11	11		11	11		11
GS-5	7		7	7		7	7		7
GS-4	7		7	7		7	7		7
Other Graded Positions....	0	9	9	0	9	9	0	9	9
Total Permanent Positions....	168	11	179	168	12	180	170	12	182
Staff Years:									
Ceiling.....	176	11	187	183	11	194	185	11	196
Non-ceiling..	19	6	25	15	6	21	15	6	21
TOTAL.....	195	17	212	198	17	215	200	17	217

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

CLASSIFICATION BY OBJECTS

1989 Actual and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters.....	$ 2,336,034	$ 2,797,981	$ 3,010,512
Field.....	122,157	112,534	115,488
11 Total personnel compensation.....	2,458,191	2,910,515	3,126,000
12 Personnel benefits....	409,539	523,891	563,000
Total pers. comp. & benefits.....	2,867,730	3,434,406	3,689,000
Other Objects:			
21 Travel.....	420,174	436,384	284,493
22 Transportation of things.....	17,751	13,517	13,858
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	221,424	245,789	180,152
24 Printing and reproduction.....	33,234	48,469	26,900
25 Other services.....	938,651	998,886	493,175
26 Supplies and materials.....	42,545	74,349	35,052
31 Equipment.....	65,625	100,000	53,801
41 Grants.....	711,866	689,200	116,569
Total other objects...	2,451,270	2,606,594	1,204,000
Total direct obligations.....	5,319,000	6,041,000	4,893,000
Position Data:			
Average Salary, ES positions.....	$76,000	$79,250	$96,685
Average Salary, GM/GS positions.....	$28,887	$29,927	$30,974
Average Grade, GM/GS positions.....	10.4	10.4	10.4

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted language enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Office of International Cooperation and Development to coordinate, plan, and direct activities involving international development, technical assistance and training, and international scientific and technical cooperation in the Department of Agriculture, including those authorized by the Food and Agriculture Act of 1977 (7 U.S.C. 3291), [$6,118,000] $4,893,000; provided, That not to exceed $3,000 of this amount shall be available for official reception and representation expenses as authorized by U.S.C. 1766; [Provided further,
1 That in addition, funds available to the Department of Agriculture shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds remaining available until expended:] Provided further, That the Office may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements pursuant to the agricultural food production assistance programs (7 U.S.C. 1786) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

This change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1990, authorizing funds for the Associate Professional Officers program. No Associate Professional Officers will be appointed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

Appropriation Act, 1990		$6,118,000
Budget Estimate, 1991		4,893,000
Decrease in appropriation		-1,225,000
Adjustments in 1990:		
Appropriation Act, 1990	$6,118,000	
Gramm-Rudman-Hollings reduction (P.L. 99-177)	-77,000	
Adjusted base for 1990		6,041,000
Budget Estimate, 1991		4,893,000
Decrease from adjusted 1990		-1,148,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Costs	Program Changes	1991 Estimated
Scientific Exchanges	$1,591,000	+$17,000	+$225,000	$1,833,000
Administration of International Research	1,415,000	+19,000	+18,000	1,452,000
USDA Liaison with International Organizations	604,000	+15,000	+ 8,000	627,000
Development, Planning, and Analysis	464,000	+2,000	+ 6,000	472,000
Middle-Income Country Training	1,473,000	--	-1,473,000	--
Operation FAST	494,000	+9,000	+ 6,000	509,000
Total Available	6,041,000	+62,000	-1,210,000	4,893,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
1. International Scientific and Technical Cooperation:							
a. Scientific Exchanges.....	$1,486,000	18	$1,591,000	18	(1) +$242,000	$1,833,000	18
b. Administration of International Research.....	1,455,000	22	1,415,000	20	(2) +37,000	1,452,000	20
c. USDA liaison with international organizations.....	586,000	16	604,000	16	(3) +23,000	627,000	16
Total, International Scientific and Technical Cooperation..	$3,527,000	56	3,610,000	54	+302,000	3,912,000	54
2. International Agricultural Development:							
a. Development Planning and Analysis..	300,000	2	464,000	2	(4) +8,000	472,000	2
b. Middle-Income Country Training...	1,492,000	2	1,473,000	2	(5) -1,473,000	--	--
Total, International Agricultural Development.	1,792,000	4	1,937,000	4	-1,465,000	472,000	2
3. Operation FAST.....	--	--	494,000	5	(6) +15,000	509,000	9
Total Adjusted Appropriation.....	5,319,000	60	6,041,000	63	-1,148,000	4,893,000	65
Gramm-Rudman-Hollings Reduction.....	--	--	+77,000				
Total, Appropriation..	5,319,000	60	6,118,000	63			

EXPLANATION OF PROGRAM

The appropriation for the Office of International Cooperation and Development is used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

International Scientific and Technical Cooperation

Scientific Exchanges. USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These exchanges are mainly with developed countries and include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. OICD acts on USDA's behalf to support and manage activities under bilateral exchange agreements, the costs of which are shared by OICD and participating entities.

International Research. OICD manages the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases and for increasing domestic productivity. At the same time, the threat of hunger and malnutrition overseas is reduced.

Research is undertaken through a variety of binational agreements and funding mechanisms. OICD is responsible for the administration of research programs under the United States' treaty with Spain and the research supported by the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, OICD fosters participation of U.S. land-grant colleges in research abroad.

International Organizations. OICD coordinates USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. OICD represents USDA in the organizations' planning, advances U.S. interests, and protects U.S. agriculture. OICD also organizes U.S. delegations to international agricultural conferences and arranges the placement of about 60 agriculturalists annually on assignments with international organizations.

International Agricultural Development

Development Planning and Analysis. OICD's activities include review and evaluation of P.L. 480 self-help and Food for Development proposals, and the coordination of the International Science and Education Council's involvement in international development. The agency's Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean.

Middle-Income Country Training Program. OICD manages this program for the training of mid-and upper-level managers from countries which no longer qualify for U.S. foreign economic assistance programs. OICD's program aims to maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

OIG Report

Number	Date Issued	Description
44010-3-Hy	September 1989	International Training Division-Debt Management
Unnumbered	Report Underway	Financial Management

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $242,000 for Scientific Exchanges ($1,591,000 available in FY 1990) consisting of:

(a) An increase of $ 17,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $225,000 for scientific and technical exchanges with the Republic of Ireland, Eastern Europe and the U.S.S.R.

Need for change. Section 1420 of the Food Security Act of 1985 requires the USDA to undertake discussions with officials in the Republic of Ireland which may lead to the development of a Memorandum of Understanding and the establishment of cooperative agricultural programs between the USDA and counterpart organizations in Ireland. The legislation also calls on USDA to foster exchanges of agricultural specialists, students and trainers between the two countries and promote U.S.-Irish joint business ventures.

Important Eastern European and U.S.S.R. exchange programs currently underway include the U.S.-Hungary Joint Statement on the Development of Agricultural Trade and Cooperation renewed in FY 1989; a small exploratory program in East Germany in the area of soil conservation and forestry as well as programs for animal and plant health, agricultural economics and natural resources management; and a new USDA initiative with Poland's Ministry of Agriculture. In exchange programs with the U.S.S.R., OICD is increasingly called on to coordinate the growing number of activities between the Soviet Union and the United States which have resulted from Glasnost.

Nature of Change. Program with Republic of Ireland: The increase is to support exchanges of teams of agricultural and forestry specialists for short-term (1-6 weeks) visits on topics of mutual benefit under Section 1420.

Programs with Eastern Europe and the U.S.S.R.: The increase is to coordinate the increased activities between Eastern Europe/U.S.S.R. and USDA agencies, other U.S. government agencies, and U.S. universities, and to establish new activities, such as: a Working Group on Forestry, a U.S. staffed bio-controlled laboratory in the Soviet Union to collect and evaluate live specimens, a germplasm exchange system for major crops, and to expand the small but very important exchange programs in Eastern Europe.

In some cases these programs are funded on a receiving-side-pays basis, which means OICD is responsible for covering the costs of foreign scientists' travel in the U.S. and vice versa.

Funds requested cover costs of travel, transportation and administrative support.

(2) An increase of $37,000 for Administration of International Research ($1,415,000 available in FY 1990) consisting of:

(a) An increase of $19,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $18,000 for costs associated with administering international research activities.

Need for Change. To adequately support U.S. scientists in their efforts to carry out joint research on high priority U.S. agricultural problems in cooperation with researchers in developed and developing countries. The objective is to stimulate and support research to increase use of U.S. agricultural commodities and products for domestic and export markets; and to quickly respond to emergency disease problems that have international origins.

Nature of Change. The increase is for support payments to U.S. scientists while working abroad.

(3) An increase of $23,000 for USDA Liaison with International Organizations ($604,000 available in FY 1990) consisting of:

(a) An increase of $15,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $8,000 for travel costs associated with representing U.S. agricultural interests at international organizations and conferences.

Need for Change. To ensure the continued representation of USDA at international organizations concerned with food, agriculture and rural development. Because the U.S. is a major contributor to the assessed budgets of most of these organizations, it is vital that the USDA be closely involved in their policy and program planning in order to advance and protect U.S. interests.

Nature of Change. The increase is for travel costs associated with representing the USDA at international organizations and conferences.

(4) An increase of $8,000 for Development Planning and Analysis ($464,000 available in FY 1990) consisting of:

(a) An increase of $2,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $6,000 for travel costs associated with market promotion and development activities in the Caribbean basin.

Need for Change. To ensure the continued coordination of Agribusiness Promotion activities in the Caribbean basin.

Nature of Change. The increase is for travel costs.

(5) A decrease of $1,473,000 for the Middle-Income Country Training Program ($1,473,000 available in FY 1990) consisting of:

Need for Change. $1,473,000 was appropriated in FY 1990 to provide training to participants from selected middle-income countries. These funds, while committed in FY 1990, will be expended over the approximate 18-month life of the program and are sufficient to enable present participants to complete their programs.

Nature of Change. No new participants will be selected for training in FY 1991.

(6) An increase of $15,000 for Operation FAST (Financial and Administrative Systems Tracking) Expenses ($494,000 available in FY 1990) consisting of:

(a) An increase of $9,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $6,000 to provide for continued progress in a multi-year effort to upgrade OICD's financial and administrative information systems.

Need for Change. This increase would enable OICD to make continued progress in its efforts to improve the financial and administrative information systems begun in FY 1990. This effort was begun both in response to the changing environment in which OICD must operate and in response to specific management improvement recommendations to eliminate weaknesses identified during our internal control reviews. This funding will support a major upgrade in OICD's hardware and software systems and will provide for the technical expertise needed in administrative areas to perform proper monitoring and oversight functions for the agency.

Nature of Change. The increase is for the acquisition of new hardware and software systems capable of meeting external and internal demands for timely, accurate, and usable information, and for additional staff to support the agency's financial and administrative systems.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991

	1989		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	$5,319,000	60	$6,041,000	63	$4,843,000	65

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (deleted language enclosed in brackets).

[Scientific Activities Overseas (Foreign Currency Research Program)]

[For payments in foreign currencies owed to or owned by the United States for market development research authorized by section 104 (b)(1) and for agricultural and forestry research and other functions related thereto authorized by section 104 (b)(3) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (b)(1), (3)), $875,000: Provided, that this appropriation shall be available, in addition to other appropriations for these purposes, for payment in the foregoing currencies; Provided further, that funds appropriated herein shall be used for payments in such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph; Provided further, that not to exceed $25,000 of this appropriation shall be available in foreign currencies for expenses of employment pursuant to the second section of 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the appropriation language, since the 1991 budget proposes no funds for this program. Research projects already underway will continue until completed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

CLASSIFICATION BY OBJECTS

1989 Actual and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters.....	—	—	—
Field.....	$9,950	—	—
11 Total personnel compensation.....	9,950	—	—
12 Personnel benefits....	615	—	—
Total pers. comp. & benefits.....	10,565	—	—
Other Objects:			
21 Travel.....	342,708	$263,659	$214,703
22 Transportation of things.....	860	662	539
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	71,593	55,080	44,852
24 Printing and reproduction.....	2,518	1,937	1,577
25 Other services.....	168,482	129,620	105,552
26 Supplies and materials.....	9,101	7,002	5,702
31 Equipment.....	13,089	10,070	8,200
41 Grants.....	2,296,728	1,766,970	1,438,875
Total other objects...	2,905,079	2,235,000	1,820,000
Total direct obligations.....	2,915,644	2,235,000	1,820,000

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

Appropriations Act, 1990	$875,000
Budget Estimate, 1991	---
Decrease in Appropriation	-875,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Market Development Research	$87,500	-$87,500	--
Agricultural and Forestry Research	787,500	-787,500	--
Total Available	875,000	-875,000	--

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual		1990 Estimated			1991 Estimate	
	Amount	Staff Years	Amount	Years	Increase or Decrease	Amount	Staff Years
1. Market Development Research	$100,000	--	$ 87,500	--	-$87,500	--	--
2. Agricultural and Forestry Research	900,000	--	787,500	--	-787,500	--	--
Total Appropriation	1,000,000	--	875,000	--	-875,000 (1)	--	--

The following table reflects carryover into succeeding years of actual or estimated prior year balances and shows total actual or planned obligations.

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Increase or Decrease	Amount	Staff Years
1. Market Development Research	$291,564	--	$ 224,000	--	-$42,000	$182,000	--
2. Agricultural and Forestry Research	2,624,080	--	2,011,000	--	-373,000	1,638,000	--
Total Obligations	2,915,644	--	2,235,000	--	-415,000	1,820,000	--
Unobligated balance, start of year	-713,000		-10,373,356	--	1,360,000	-9,013,356	--
Adjustments and other income	-11,576,000		--	--	--	--	--
Unobligated balance, end of year	10,373,356	--	9,013,356	--	-1,820,000	7,193,356	--
Total Appropriation	1,000,000	--	875,000	--	- 875,000 (1)	--	--

EXPLANATION OF PROGRAM

Authorized by P.L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

OICD represents USDA in this activity, whose appropriation is allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

JUSTIFICATION OF INCREASES AND DECREASES

(1) No appropriation requested in 1991 ($875,000 available in 1990).

Need for Change. In recent years, the funds made available to OICD's program have declined. In several cases, alternative funding arrangements have been instituted--for example, the U.S.-India Fund.

Nature of Change. Since the entire amount for project grants is committed when the grant is awarded, existing grants will continue to be serviced until liquidated. All existing grants will be liquidated within five years.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1989 and Estimated 1990 and 1991

	1989		1990 Estimated		1991 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Scientific Activities Overseas.....	$2,915,644	--	$2,235,000	--	$1,820,000	--

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Passenger Motor Vehicles

A single vehicle is used for transporting mail, cables, and packages to and from the USDA complex on 14th St. and Independence Ave. It is also used to provide transportation for visiting foreign dignitaries along with the Administrator of OICD when on official business.

The vehicle is less than one year old and had logged 2,802 miles as of November 3, 1989.

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690 approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 75 posts located throughout the world covering some 110 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 75 posts around the world. As of September 30, 1989, there were 838 permanent full-time employees, 569 in headquarters and 269 in field locations abroad.

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Foreign Agricultural Service	$95,417,000	732	$101,343,000	723	$103,548,000	723
Obligations under other USDA appropriations:						
Dept. of Interior for Media Cost of Digital Data Tape	21,359	--	20,000	--	20,000	--
Agricultural Marketing Service for Cotton Research...	16,959	--	25,000	--	25,000	--
Agri. Stabilization and Conservation Service for Landsat Data and support of export programs.....	1,777,284	2	2,219,000	2	2,219,000	2
Economic Research Service for Foreign Publication Procurement Program	5,150	--	5,000	--	5,000	--
Departmental Administration for Advisory Committees	153,590	--	160,000	--	160,000	--
Food Safety & Inspection Service for support in Brussels.....	7,955	1	8,000	1	8,000	1
Agricultural Stabilization and Conservation Service for technology service.....	590,945	--	641,000	--	641,000	--
Office of Inspector General for USAEDC Workshop	--	--	1,000	--	1,000	
Total, Other USDA Appropriations....	2,573,242	3	3,079,000	3	3,079,000	3
Total, Agriculture Appropriations....	97,990,242	735	104,422,000	726	106,627,000	726

Continued

Item	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	1991 Estimated Amount	1991 Estimated Staff-Years
Non-Federal Funds:						
Information Circulars.....	150,362	--	137,000	--	137,000	--
User Fees for Attache Reports..	74,174	--	75,000	--	75,000	--
User Fees for AIMS Trade Leads..	40,611	--	48,000	--	48,000	--
User Fees for Computer Time and Files.....	2,598	--	3,000	--	3,000	--
Total, Non-Federal Funds.....	267,745	--	263,000	--	263,000	--
Total, Foreign Agricultural Service	98,257,987	735	104,685,000	726	106,890,000	726

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling.....	735	726	726
Non-ceiling.....	8	8	8
Total.....	743	734	734

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters	1989 Field	1989 Total	1990 Headquarters	1990 Field	1990 Total	1991 Headquarters	1991 Field	1991 Total
ES-5	3	--	3	3	--	3	3	--	3
ES-4	2	--	2	2	--	2	2	--	2
GS/GM-15	25	--	25	25	--	25	25	--	25
GS/GM-14	45	--	45	45	--	45	45	--	45
GS/GM-13	57	--	57	57	--	57	57	--	57
GS-12	47	--	47	47	--	47	47	--	47
GS-11	48	--	48	48	--	48	48	--	48
GS-9	47	--	47	47	--	47	47	--	47
GS-8	12	--	12	12	--	12	12	--	12
GS-7	60	--	60	60	--	60	60	--	60
GS-6	37	--	37	37	--	37	37	--	37
GS-5	16	--	16	16	--	16	16	--	16
GS-4	13	--	13	13	--	13	13	--	13
GS-3	6	--	6	6	--	6	6	--	6
GS-2	5	--	5	5	--	5	5	--	5
Other Graded Positions	43	124	167	38	124	162	38	124	162
Ungraded Positions.	4	147	151	4	143	147	4	143	147
Total Permanent Positions	470	271	741	465	267	732	465	267	732
Staff-Years:									
Ceiling	465	270	735	460	266	726	460	266	726
Non-Ceiling	8	0	8	8	0	8	8	0	8
TOTAL	473	270	743	468	266	734	468	266	734

FOREIGN AGRICULTURAL SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters	$17,843,542	$18,176,000	$19,133,000
Field	11,571,460	12,301,000	13,553,000
11 Total personnel compensation	29,415,002	30,477,000	32,686,000
12 Personnel benefits	5,949,144	6,056,000	6,487,000
13 Benefits for former personnel	72,725	311,000	311,000
Total pers. comp. & benefits	35,436,871	36,844,000	39,484,000
Other Objects:			
21 Travel	3,132,342	3,342,000	3,416,000
22 Transportation of things	1,105,198	1,145,000	1,085,000
23.2 Rental payments to others.....	5,714,991	6,055,000	6,037,000
23.3 Communications, utilities, and misc. charges.....	1,846,287	2,217,000	2,337,000
24 Printing and reproduction	943,501	1,187,000	993,000
25 Other services	44,260,090	47,464,000	47,159,000
26 Supplies and materials...	1,317,448	1,507,000	1,517,000
31 Equipment	1,319,208	1,569,000	1,507,000
42 Insurance claims and indemnities	12,542	13,000	13,000
Total other objects	59,651,607	64,499,000	64,064,000
Total direct obligations.	$95,088,478	$101,343,000	$103,548,000
Position Data:			
Average Salary, ES positions	$77,208	$79,987	$97,545
Average Salary, FO positions	$60,613	$67,604	$73,070
Average Salary, GM/GS positions	$33,865	$35,084	$36,312
Average Grade, GM/GS positions	9.9	9.9	9.9

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with
1 foreign agricultural work, including not to exceed [$110,000] $135,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [$102,529,000] $103,548,000: Provided, That this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

[Agricultural Trade Missions]

2 [For necessary expenses for agricultural aid and trade missions as authorized by Public Law 100-202, $200,000.]

The first change in the language would increase the annual limitation on representation expenses by $25,000. This increases is necessary to meet the expanded representational requirements associated with the Uruguay Round of Multilateral Trade Negotiations and to offset the impact of overseas inflation. The current limitation of $110,000 has remained unchanged since fiscal year 1983.

The second change proposes deletion of the language included in the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1990, making funds available for agricultural aid and trade missions as authorized by Public Law 100-202. As the trade mission requirements of Public Law 100-202 will be fulfilled by the end of fiscal year 1990, this language is no longer necessary.

FOREIGN AGRICULTURAL SERVICE

Appropriation Act, 1990		$102,729,000
Budget Estimate, 1991		103,548,000
Increase in Appropriation		+ 819,000
Adjustments in 1990:		
Appropriation Act, 1990	$102,729,000	
Gramm-Rudman-Hollings Reduction (PL 99-177)	-1,386,000	
Adjusted base for FY 1990		101,343,000
Budget Estimate, 1991		103,548,000
Change from adjusted 1990		+ 2,205,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Foreign Agricultural Affairs	$31,848,000	+ $246,000	+$1,100,000	$33,194,000
Foreign Market Information and Access	15,840,000	+ 225,000	--	16,065,000
Foreign Market Development	53,655,000	+ 102,000	+ 532,000	54,289,000
Total Available	101,343,000	+ 573,000	+ 1,632,000	103,548,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase	1991 Estimated Amount	1991 Estimated Staff-Years
1. Foreign Agricultural Affairs	$27,447,648	309	$31,848,000	305	+ $1,346,000 (1)	$33,194,000	305
2. Foreign Market Information and Access	14,641,129	235	15,840,000	232	+ 225,000 (2)	16,065,000	232
3. Foreign Market Development	52,999,701	188	53,655,000	186	+ 634,000 (3)	54,289,000	186
Unobligated balance	328,522		--		--	--	
Total available or estimate	95,417,000	732	101,343,000	723	+ 2,205,000	103,548,000	723
Gramm-Rudman-Hollings reduction	--	--	1,386,000	--			
Total, Appropriation	95,417,000	732	102,729,000	723			

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended, and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 5,000 reports annually on production, marketing, economic and trade information.

2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 4,000 trade leads and write more than 52,000 letters responding to inquiries regarding U.S. and host country agriculture.

3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. An estimated 1,100 special trade access communications are sent each year containing direct support for the U.S. export trade.

4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, attaches and counselors provide technical guidance on U.S. agricultural developments.

5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of three program areas--international agricultural statistics, commodity programs, and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, 4 issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other high level officials. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. International Agricultural Statistics - This program area conducts activities contributing to six major objectives to support the development and expansion of foreign agricultural markets. The objectives addressed and their workload and achievement indices are as follows:

   a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. This area also provides primary input to commodity program operations and prepares the monthly World Agricultural Production report. This ongoing program involves preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.

b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.

c. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.

d. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.

e. Monitoring and reporting on exports of selected U.S. agricultural commodities.

f. Providing agency-wide ADP support to enhance the overall FAS mission of expanding agricultural exports.

2. Commodity Programs - This program area conducts activities contributing to four major objectives. The objectives addressed and, where feasible, their respective workload and achievement indices are as follows:

a. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.

b. Providing U.S. Government policymakers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decisionmaking process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.

c. Fulfilling U.S. legislative requirements:

(1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.

(2) Import licensing for certain dairy products subject to quotas proclaimed under authority of Section 22 of the Agricultural Adjustment Act of 1935 and administration of certain aspects of non-licensed dairy quotas.

(3) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).

(4) Analysis and evaluation of the role of sugar in world trade patterns.

(5) Market development and commodity analysis for the Targeted Export Assistance Program prescribed in Section 1124 of the Food Security Act of 1985 (P.L. 99-198.)

(6) Market development and commodity analysis for the Export Enhancement Program.

d. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to strategically plan promotional activities to enhance U.S. agricultural exports. Virtually every U.S. farm product entering world trade is promoted by one of the market development activities supported by commodity programs.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policymakers, the public and other interested users. Particular emphasis is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

3. International Trade Policy - This program area conducts activities contributing to the following major objectives:

a. Supporting bilateral and multilateral representations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.

b. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.

c. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes and will minimize the effects of U.S. import restrictions upon FAS efforts to expand U.S. agricultural exports.

d. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.

e. Conducting analysis of the forces affecting trade in individual country markets and making such data available to interested U.S. exporters.

f. Providing support to the United States Trade Representative (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.

g. Maintaining a Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.

h. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on long-term trade strategy, foreign agricultural export assistance, and market opportunities for U.S. agricultural exporters through the recently established Trade Assistance and Planning Office.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling U.S. producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, the Foreign Agricultural Service (FAS) was authorized to begin using foreign currencies generated by the Public Law 480 programs to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about $508 million to finance the foreign market development program, which has significantly contributed to the increase in U.S. farm exports from $3.1 billion in fiscal year 1955 to $39.7 billion in fiscal year 1989. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) who have generated an estimated $960 million in contributions to more than match the $508 million contributed by FAS.

   Under the auspices of FAS' long-term Foreign Market Development program, FAS is currently participating with 46 cooperators, four state organizations (covering 47 states and 3 territories) and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 56 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

   Complementing the long-term Foreign Market Development program is the Targeted Export Assistance (TEA) program mandated by the Food Security Act of 1985. The TEA program provides promotional assistance to those U.S. agricultural commodities and products whose exports have been hurt by unfair foreign trade practices. Since the inception of the TEA program, the number of nonprofit agricultural trade associations and U.S. private firms has grown to a total of 80 program participants, of which 35 program participants are new to joint industry-government market development programs. An additional 75 U.S. private firms are also expected to participate in the TEA program during fiscal year 1990 through four regional state organizations as part of a high value export incentive program that promotes processed, brand identified products. During the first five years of the TEA program (1986-1990), $730 million was allocated to 75 organizations to partially reimburse the costs of conducting over 5,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.

3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East, to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fifteen Agricultural Trade Offices located in London, England; Hamburg, West Germany; Singapore; Seoul, Korea; Manama, Bahrain; Caracas, Venezuela; Lagos, Nigeria; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Jeddah, Saudi Arabia; Algiers, Algeria; Baghdad, Iraq; Istanbul, Turkey; and Tokyo, Japan.

REVIEWS COMMENCED DURING FY 1989

GAO Reviews

Code 483503	Competitor Market Promotion Activities for High Value Agricultural Products	Review of market development activities of other countries

Code 483508	Implication of Changes in Soviet Agricultural Reforms on U.S. Agricultural Export Activities	Study of Soviet reforms on U.S. trade practices
Code 483514	Assessment of the Interrelationship of U.S. Commercial Agricultural Export and Food Aid Programs	Review of USDA commercial and concessional programs
Code 308803	Mandated Use of Ethanol	Analysis of impact on agriculture and trade
Code 29173	Review of Progress Towards Goals of 1985 Farm Bill	Summary of USDA actions to implement 1985 Farm Bill
Code 483513	Issues Associated With the Export of U.S. Tobacco and Tobacco Products	Review of tobacco export policies and programs
Code 022955	Effectiveness of Quota Controls to Limit Imported Dairy Products	Review of program effectiveness
Code 917108	Review of Sensitive Payments	Review of payments made to selected agency and USDA officials
Code 097759	Meat Imports From Canada	Review of implementation of Canadian FTA
Code 483516	How the U.S. Government Manages Trade Issues	Review of USDA trade policy administration
Code 483530	Potential For Expansion of Agricultural Trade Between U.S. and Mexico	Study of policy alternatives

OIG Reviews

07099-23-Hy	Audit of FAS Foreign Operations and Currency Use Payments	Review of agency program administration
07020-3-Hy	Foreign Market Development	Audit of agency program administration
07099-24-Hy	Compliance Review Program	Audit of agency compliance activities
07099-1-Hy	Sugar Program	Audit of agency program administration

REVIEWS COMPLETED DURING FY 1989

GAO Reviews

Code 97737	Overview of State Agricultural Marketing Initiatives	Review of marketing programs of various states
Code 483417	Review of Alternative Grain Trading Practices	Review of market trading
Code 29173	Review of Progress Towards Goals of 1985 Farm Bill	Summary of USDA actions to implement 1985 Farm Bill

Code 483450	Review of Long-Term Bilateral Grain Agreements and Countertrade; and U.S. LBGA's With USSR and PRC	Review of effectiveness and accomplishments of trade agreements
Code 483431	INTERNATIONAL TRADE: Review of the FAS Attache Service	Review of agency administration of foreign activities
Code 022955	DAIRY IMPORTS: Issues Related to Chocolate Products	Review of policy alternatives
Code 472160	Review of U.S. Economic Assistance to Central America	Survey of assistance extended to Central America

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $1,346,000 for Foreign Agricultural Affairs ($31,848,000 available in FY 1990) consisting of:

(a) An increase of $1,100,000 for increased costs of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 60 FAS Agricultural Attache Offices will increase by approximately 7 percent in FY 1991.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents, and the payment to the U.S. Department of State for overseas administrative support.

(b) An increase of $246,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay rise is being absorbed.

(2) An increase of $225,000 for Foreign Market Information and Access ($15,840,000 available in FY 1990) which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

(3) An increase of $634,000 for Foreign Market Development ($53,655,000 available in FY 1990) consisting of:

(a) An increase of $532,000 for increased costs of overseas operations.

Need for Change. As the result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 15 FAS Agricultural Trade Offices will increase by approximately 7 percent in FY 1991.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents, and the payment to the U.S. Department of State for overseas administrative support.

(b) An increase of $102,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

Foreign Agricultural Service

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia...	$28,923,356	462	$33,803,000	457	$33,283,000	457
Overseas	66,165,122	270	67,540,000	266	70,265,000	266
Total, Available or Estimate	95,088,478	732	101,343,000	723	103,548,000	723

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of eleven (11) passenger motor vehicles.

The passenger motor vehicles and utility vehicles (light trucks, vans, minivans, minibuses, 4X4's) of the service are used exclusively by the Agricultural Officers at overseas posts. The officer travels extensively throughout the countries assigned, gathering agricultural data. Embassy motor pool vehicles are not readily available for field use and with recent cutbacks in State funds their use by agencies other than State is limited.

Additional Passenger Motor Vehicles. Two additional passenger motor vehicles are for posts which will be opened in fiscal year 1991.

Replacement of Passenger Motor Vehicles. Replacement of nine passenger motor vehicles is proposed. All vehicles proposed for replacement will meet the replacement standards.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (Thousands)	Number of Vehicles	Percent of Total
1984 or older	11	33.3	80-100	1	3.0
1985	5	15.2	60-79	1	3.0
1986	4	12.1	40-69	5	15.2
1987	5	15.2	20-39	13	39.4
1988	4	12.1	00-19	13	39.4
1989	4	12.1			
TOTAL	33	100.0	TOTAL	33	100.0

PUBLIC LAW 480

Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended:

1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms; for convertible foreign currency for use under Sec. 108 of the Act; and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III) (7 U.S.C. 1701-1715, 1727-1727f).

Title I of the legislation authorizes financing of sales for convertible foreign currencies and for dollars on credit terms, including commodities exported under Title III Food for Development Programs. Sales for dollars or convertible foreign currencies may be made with foreign governments. The legislation provides for credit terms that are as favorable to the United States as the economy of the foreign country will permit, but not less than the terms for development loans made under sections 122(a) and 122(b) of the Foreign Assistance Act of 1961, as amended.

Title I sales may also be financed for foreign currencies to be loaned to financial intermediaries in the recipient countries. These funds are reloaned by the financial intermediaries to promote private enterprise institutions. Loans repaid by the financial intermediaries may be reloaned for private enterprise investment, used to develop new markets, pay U.S. obligations, or be converted to U.S. dollars.

Title I appropriated funds may also be used under the Food for Progress Act to furnish commodities on credit terms or on a grant basis to assist countries that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721-1726). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. Each year, up to $7.5 million of foreign currencies accruing under Title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

Available Funds, 1989 Actual and Estimated 1990 and 1991

Item	1989 Actual	1990 Estimated	1991 Estimated
Foreign Assistance Programs (P.L. 480):			
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III).....	$778,934,454	$848,963,000	$817,000,000
Commodities supplied in connection with dispositions abroad (Title II).....	839,564,575	672,599,000	646,000,000
Total program costs funded.....	1,618,499,029	1,521,562,000	1,463,000,000
Costs financed from receipts, prior year balances and CCC funds (net).	-520,399,029	-543,341,000	-565,147,000
Total appropriation (P.L. 480).....	$1,098,100,000	$978,221,000	$897,853,000

NOTE: The fiscal year 1989 appropriation was adjusted to reflect net transfers of $69.0 million in both program level and appropriation from Titles I and III to Title II, under the authority of the language proviso in the 1989 appropriation act.

The fiscal year 1990 enacted appropriation was decreased by $13,779 thousand to reflect the Gramm-Rudman-Hollings reduction required by P.L. 99-177, as amended.

Obligations incurred in a fiscal year under Public Law 480 consist of Title I sales registrations (based on anticipated export date by September 30) and Title II commodity purchases for which a notice to deliver has been issued for port delivery by September 30, and related transportation and other costs. In order to obtain the amount of costs financed by CCC in the fiscal year, these obligations, which are equivalent to the program level limitation in the appropriation language, are adjusted to include prior year obligations financed in the current fiscal year, and to exclude current year obligations that will not be financed until the following fiscal year. By law, P.L. 480 funds remain available until expended, unless otherwise provided.

The following table reconciles the program level to program costs financed by CCC:

Reconciliation of Program Level to Program Costs Funded by CCC

Item	1989 Actual	1990 Estimated	1991 Estimated
Titles I/III			
Gross commodity costs.....	$735,071,266	$805,700,000	$767,800,000
Ocean transportation.....	6,500,000	---	---
Ocean freight differential.....	43,908,930	59,363,000	64,600,000
Subtotal.....	785,480,196	865,063,000	832,400,000
Initial payments to exporters.....	-17,999,967	-16,100,000	-15,400,000
Total program level, current year	767,480,229	848,963,000	817,000,000
Prior year obligations adjusted.....	---	---	---
Prior year obligations financed.....	211,096,144	199,641,919	199,641,919
Obligations financed in succeeding year.....	-199,641,919	-199,641,919	-199,641,919
Total program costs, funded.....	778,934,454	848,963,000	817,000,000
Title II			
Commodity costs.....	$468,000,000	$474,720,000	$417,140,000
Ocean and inland transportation.....	231,000,000	197,879,000	228,860,000
Total program level, current year.....	699,000,000	672,599,000	646,000,000
Prior year obligations financed.....	626,612,000	486,047,425	486,047,425
Obligations financed in succeeding year.....	-486,047,425	-486,047,425	-486,047,425
Total program costs, funded...	$839,564,575	$672,599,000	$646,000,000

PUBLIC LAW 480

These estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Public Law 480 (Including Transfers of Funds):

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms pursuant to titles I and III of said Act, or for convertible foreign currency for use under 7 U.S.C. 1708, and for furnishing commodities to carry out the Food for Progress Act of 1985, not more than [$860,955,000] $817,000,000, of which [$309,900,000] $251,853,000 is hereby appropriated and the balance derived from proceeds from sales of foreign currencies and dollar loan repayments, repayments on long-term credit sales, carryover balances and commodities made available from the inventories of the Commodity Credit Corporation by the Secretary of Agriculture pursuant to sections 102 and 403(b) of said Act, and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, not more than [$682,100,000] $646,000,000, of which [$682,100,000] $646,000,000 is hereby appropriated: Provided, That not to exceed [10] 15 per centum of the funds made available to carry out any title [to] of this paragraph may be used to carry out any other title of this paragraph.

The first change in language would increase the percentage of funds which may be transferred between titles to 15 percent to permit more flexibility in responding to the needs of importing countries. This change would also make the P.L. 480 appropriations authority consistent with the 15 percent transfer provision currently authorized by Section 403(c) of the Agricultural Trade Development and Assistance Act of 1954. A 15 percent transfer provision was provided in the fiscal year 1987 Appropriations Act.

The second change is a grammatical change.

PUBLIC LAW 480

	(Titles I and III) Financing the Sale of Agricultural Commodities for Convertible Foreign Currencies and for Dollars on Credit Terms, and Furnishing Commodities for Food for Progress	(Title II) Commodities Supplied in Connection with Dispositions Abroad	Total
Appropriation Act, 1990.....	$309,900,000	$682,100,000	$992,000,000
Budget Estimate, 1991.....	251,853,000	646,000,000	897,853,000
Decrease in Appropriation....	-58,047,000	-36,100,000	-94,147,000
Adjustments in 1990:			
Appropriation Act, 1990....	$309,900,000	$682,100,000	$992,000,000
Gramm-Rudman-Hollings Reduction (PL 99-177).....	-4,278,000	-9,501,000	-13,779,000
Adjusted base for 1990.....	305,622,000	672,599,000	978,221,000
Budget Estimate, 1991.....	251,853,000	646,000,000	897,853,000
Decrease from adjusted 1990..	-53,769,000	-26,599,000	-80,368,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III).....	$305,622,000	-$53,769,000	$251,853,000
Commodities supplied in connection with dispositions abroad (Title II)..	672,599,000	-26,599,000	646,000,000
TOTAL AVAILABLE.....	978,221,000	-80,368,000	897,853,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
1. Financing the Sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Prog. (Titles I and III).....	$399,100,000	$305,622,000	(1) -$53,769,000	$251,853,000
2. Commodities supplied in connection with dispositions abroad (Title II).	699,000,000	672,599,000	(2) -26,599,000	646,000,000
Total, available or estimate	1,098,100,000	978,221,000	-80,368,000	897,853,000
Gramm-Rudman-Hollings reduction.....	---	13,779,000		
Total, appropriation.....	1,098,100,000	992,000,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III.....	$778,934,454	$848,963,000	-$31,963,000	$817,000,000
2. Commodities supplied in connection with dispositions abroad (Title II)....	839,564,575	672,599,000	-26,599,000	646,000,000
Total program costs funded.....	1,618,499,029	1,521,562,000	-58,562,000	1,463,000,000
Adjustments to appropriation:				
Title I:				
Receipts from sale of foreign currencies and loan repayments and repayments on long-term credit sales to finance the program....	-461,273,558	-344,000,000	-90,000,000	-434,000,000
Unexpended balances (includes balances in the Corporation):				
Funds brought forward...	-469,952,050	-551,391,154	+199,341,000	-352,050,154
Funds carried forward...	551,391,154	352,050,154	-131,147,000	220,903,154
Title II:				
Funds brought forward.....	-595,015,237	-454,450,662	---	-454,450,662
Funds carried forward.....	454,450,662	454,450,662	---	454,450,662
Total appropriation.....	1,098,100,000	978,221,000	-80,368,000	897,853,000

The preceding project statement reflects estimated program costs on the basis of available funds, including 1988 obligations financed in fiscal year 1989 from available unexpended 1988 balances and 1989 funds. The rate at which expenditures and obligations are made under these programs is influenced by crop conditions, commodity availability, economic conditions in receiving countries, availability of shipping, port facilities, and similar factors.

The amounts provided in the appropriation for Title II are not fully controlling since the basic law permits the Government to enter into multi-year programs of assistance involving expenditures which must be financed from subsequent appropriations. However, such programs may not exceed the program level authorized in appropriation acts, adjusted for transfers to or from Titles I/III, within amounts specified by the Proviso in the appropriation language. If funds appropriated are in excess of amounts actually used in an actual year, adjusted for any applicable transfers, such amounts are applied against current year estimated costs and reduce the subsequent appropriations requested for the budget year.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1990, by Public Law 99-198, enacted December 23, 1985.

TITLE I

The P.L. 480 appropriation is deposited with the Commodity Credit Corporation. The Corporation then finances all sales made pursuant to agreements concluded under Title I. Sales are made to friendly countries--as defined in section 103(b) of the Act--and do not displace expected commercial sales for cash dollars (sections 103(c) and (n)). No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale will be used for specific projects or programs which the President determines would directly benefit the needy people of that country.

In any calendar year agreements may not be made under Title I (including credit furnished for Food for Development Programs) which call for an appropriation to reimburse the Corporation in excess of $1.9 billion, plus unused prior years' authorizations.

In considering sales negotiations, countries which are unable to produce or purchase commercially adequate food for immediate needs, and which meet the poverty criterion established for International Development Association financing are to receive not less than 75 percent of the food aid commodities allocated and agreed to be delivered in each fiscal year unless the President certifies that such food assistance to other countries is required for humanitarian purposes or the required 75 percent allocation could not be used effectively.

Agreements for sales of agricultural commodities for foreign or local currencies had not been authorized since December 31, 1971, until enactment of the Food Security Act of 1985. In cases where dollar credit sales are not possible, convertible foreign currency credit sales are authorized on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, support U.S. foreign policy interests, and encourage economic development in the developing countries. Agreements are made with the governments of friendly nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at the minimum rates set by law, either in U.S. dollars on credit terms up to 20 years, with a grace period of up to two years; or in foreign currencies convertible to dollars for up to 40 years, with a grace period of up to ten years. Interest is charged from the date of last delivery in each calendar year. Payments received each year are applied against current costs to reduce the appropriation request.

Under certain conditions, the President is authorized to require payment upon delivery, in dollars or foreign currencies, of amounts needed for payment of U.S. obligations and certain other purposes. Whenever practicable, terms of agreements must require payment at time of delivery of not less than 5 percent of the purchase price in dollars or in currencies convertible to dollars. These initial payments are made to exporters and reduce the commodity costs financed.

Sales agreements may now also be made for local currencies which are to be loaned to financial intermediaries in the recipient countries. Under such agreements, the financial intermediaries loan these same currencies to promote private enterprise investment. Currency repaid by a financial intermediary may be loaned to develop new markets for U.S. agricultural commodities, used to pay U.S. obligations, or converted to dollars. Sales agreements for currency loans shall be made at an annual level of not less than ten percent of the total value of all sales made under this title, unless the minimum compliance would significantly reduce the total level of commodities furnished, or if such sales agreements would generate currency in amounts that could not be productively used and absorbed in the country's private sector.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support countries that have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Cargo Preference Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S food aid will reach the most needy recipients. On agreements made under Title III Food for Development, the Corporation may finance freight from U.S. ports to ports of entry or to designated points of entry abroad in the case of landlocked countries.

TITLE III

The estimates for Title I include estimated costs of financing Food for Development Programs under Title III. Commodities may be furnished for periods from one to five years following a Presidential determination of country eligibility and formulation of approved development projects or activities. Unless a Presidential waiver with an accompanying explanation of such action is reported to Congress, agreements entered into under Title III for fiscal year 1986 and succeeding fiscal years shall have an aggregate value of not less than 10 percent of the aggregate value of all agreements entered into under Title I for the corresponding fiscal year.

Proceeds from the sale of Title III commodities are to be disbursed for such purposes as approved in the agreement with each country and the disbursements shall be considered as payments for the purposes of sec. 103(b) of this Act. When commodities are used in development projects, the dollar sales value of such commodities shall be deemed to be a disbursement at the time of use. No other payment shall be required as part of any agreement to finance the sale of agricultural commodities under a Food for Development Program. Construction of food grain storage facilities, expansion of private bank credit in rural areas and developing farm irrigation systems are among the projects undertaken with the Title III proceeds.

For the fiscal years 1979 through 1988, the total value of Title III agreements signed with Bangladesh, Bolivia, Egypt, Honduras, Senegal, and Sudan was approximately $1,151.3 million. In fiscal 1989 new agreements or amendments to existing multi-year agreements with an export value of $97.0 million were signed with Bangladesh and Bolivia.

In fiscal year 1989, Bangladesh faced severe food shortages as a result of drought and floods. The $80.0 million in fiscal year 1989 assistance included $58.0 million in wheat, $10.0 million in rice, and $12.0 million in upland cotton. In this third year of a three year agreement, Bangladesh continued to implement several major reforms to enhance food consumption and nutrition, increase agricultural production, increase employment and improve food distribution and management.

Bolivia signed an amendment to an on-going Title III Food for Development Program in fiscal year 1989, bringing the four year total financing under that agreement to $77.0 million. Title III projects currently underway include loan making to small farmers for livestock production and marketing credit, strengthening producer organizations, constructing houses for flood victims and controlling communicable diseases. Bolivia was allocated $17.0 million to import U.S. wheat under Title III during fiscal year 1989.

TITLE II

Under Title II, as amended, commodities are supplied to developing countries to combat malnutrition, to meet famine or other urgent relief requirements, provide assistance for needy persons and nonprofit school lunch and preschool feeding programs outside the United States, and carry out the United States' commitment to the World Food Program. Beginning January 1, 1967, the Food for Peace Act of 1966 authorized financing the costs of CCC commodities disposed of through voluntary agencies from this appropriation.

The authorizing legislation requires that a minimum of 1.9 million metric tons (grain equivalent basis) of agricultural commodities be programmed each fiscal year from 1987 through 1990 under Title II. Of that amount, 1.425 million metric tons (grain equivalent basis) are to be distributed for nonemergency programs through voluntary agencies and the World Food Program, unless the President determines and reports to the Congress that such an amount cannot be used effectively or that the quantity is not available.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time. The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments. To the extent feasible, distribution priority is to be given to those suffering from malnutrition.

Assistance is directed toward activities designed to alleviate the causes of the need for such aid. Beginning in 1986, programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of $1 billion plus the unused prior year's authorization.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to four million metric tons of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under the following two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance Act of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Title II to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export.

On October 26, 1988, the President authorized the release of up to 1.5 million metric tons of wheat from the reserve for use in P.L. 480 programs during fiscal year 1989. This release was prompted by the reduced domestic supply of wheat. Approximately 55 million bushels (1.5 million metric tons) of wheat were committed in fiscal year 1989 for use in the Titles I/III and the Title II programs. On September 14, 1989, the President authorized the release of an additional 2.0 million metric tons of wheat for use in P.L. 480 Titles I/III and Title II programs. The use of the entire 2.0 million metric tons would leave approximately 18 million bushels of wheat in the reserve.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of $53,769,000 for financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities under the Food for Progress Act of 1985 (Titles I and III).

ITEM	1989 1/ Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Program:				
Expenses of shipments:				
Commodity costs:				
Foreign currency.....	$18,164,199	$24,598,000	---	$24,598,000
Long-term credit.....	710,864,772	765,002,000	-$37,200,000	727,802,000
Total Commodity costs	729,028,971	789,600,000	(a) -37,200,000	752,400,000
Ocean transportation (long-term credit)....	5,354,245	---	---	---
Ocean freight differential (support of U.S. Merchant Marine:				
Foreign currency....	1,220,207	4,827,000	---	4,827,000
Long term credit....	43,331,031	54,536,000	+5,237,000	59,773,000
Total ocean freight differential.....	44,551,238	59,363,000	(b) +5,237,000	64,600,000
Total foreign currency..	19,384,406	29,425,000	---	29,425,000
Total long-term credit..	759,550,048	819,538,000	-31,963,000	787,575,000
Total expenses of shipments.....	778,934,454	848,963,000	-31,963,000	817,000,000
Financing:				
Receipts from:				
Sales of foreign currency.....	-77,525,471	---	-50,000,000	-50,000,000
Repayments on long-term credit.....	-383,748,087	-344,000,000	-40,000,000	-384,000,000
Subtotal.....	-461,273,558	-344,000,000	-90,000,000	-434,000,000
1988 funds used for 1989 costs.....	-469,952,050	---	---	---
1989 funds used for 1990 costs.....	551,391,154	-551,391,154	+551,391,154	---
1990 funds used for 1991 costs.....	---	352,050,154	-704,100,308	-352,050,154
1991 funds used for 1992 costs.....	---	---	+220,903,154	220,903,154
Net financing.....	-379,834,454	-543,341,000	(c) -21,806,000	-565,147,000
Total available or estimate.....	399,100,000	305,622,000	-53,769,000	251,853,000

1/ Reflects net transfers of $69.0 million in program level and appropriation from Titles I/III to Title II under authority provided in the FY 1989 Appropriation Act.

(a) A decrease of $37,200,000 in commodity costs ($789,600,000 available in 1990). The decrease mainly reflects the expectation that commodity unit prices, particularly for wheat, will return to pre-drought rates.

(b) An increase of $5,237,000 in ocean transportation financing and ocean freight differential ($59,363,000 available in 1990). This increase reflects higher metric tonnage shipments.

(c) A decrease of $21,806,000 in net financing due to the application of prior year funds and receipts to program costs ($543,341,000 available in 1990). Higher projected long term credit repayments and sales of foreign currency reduced the net financing costs in fiscal year 1991 versus fiscal year 1990 for Title I. Long-term credit repayments are estimated at $384.0 million in fiscal year 1991, $40.0 million higher than the $344.0 million in repayments projected for fiscal year 1990. In addition, sales of foreign currency receipts in fiscal year 1991 are projected at $50.0 million as compared to no foreign currency sales receipts expected for fiscal year 1990. Lower prior year unobligated funds available to reduce Title I financing costs in fiscal year 1991 of $131.1 million versus $199.3 million in fiscal year 1990 partially offset the decrease.

Program costs consist of the export value of commodities shipped, authorized ocean freight differential costs for shipments made in U.S.-flag vessels, and authorized ocean freight financing expenses.

Following is a breakdown of expenses of shipments by commodity for the fiscal years 1989, 1990, and 1991. (NOTE--Credits (-) shown for initial payments to exporters are authorized by Sec. 103(k) of Title I. These initial payments are made directly to the exporters by the importers. The Corporation does not receive these payments.):

Public Law 480, Titles I and III
Expenses of shipments--Sales for foreign currencies and for dollars on credit terms, 1989-1991:

Commodity	Unit of Measure	1989 Actual		1990 Estimate		1991 Estimate	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel	6,709,916	$20,270,049	9,744,681	$22,900,000	9,288,889	$20,900,000
Wheat and products.....	bu. eq.	131,451,731	463,613,226	84,764,203	329,900,000	111,716,473	410,200,000
Rice, milled.....	cwt.	5,588,182	72,482,240	5,767,818	78,500,000	4,497,816	61,800,000
Cotton, upland.....	bale	37,828	12,018,802	49,383	20,000,000	33,248	12,800,000
Vegetable oil products.....	pound	605,454,483	138,517,367	620,793,788	143,900,000	692,289,570	149,600,000
Tallow.....	pound	125,355,782	22,127,287	98,314,607	14,000,000	84,803,256	12,500,000
Wood.....	Met.Ton	---	---	56,002	7,600,000	---	---
Allocated-no commodity designation.....	Met.ton	---	---	300,000	62,400,000	---	---
Unallocated reserve a/.....	Met.Ton	---	---	633,000	126,500,000	560,000	100,000,000
Initial payment to exporters		NA	---	NA	-16,100,000	NA	-15,400,000
Total commodity costs....		---	729,028,971	---	789,600,000	---	752,400,000
Ocean transportation.....	Met.Ton	b/ 1,999,559	49,905,483	c/ 2,026,544	59,363,000	d/ 2,151,209	64,600,000
Total expenses of shipment..		---	778,934,454	---	848,963,000	---	817,000,000

a/ The unallocated reserves for fiscal years 1990 and 1991 will be allocated in accordance with the Foreign Assistance Act of 1961, as amended, and the Agricultural Trade Development and Assistance Act of 1954, as amended, including Section 401 of that Act.
b/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate. Includes $5,354,245 for ocean transportation financing.
c/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate.
d/ Based on 50.0 percent of tonnage on U.S.-flag vessels at average rate.

The following table shows account receivable activity for amounts billed, repayments, and amounts owed by foreign governments and private trade entities for Title I long-term credit sales, including the Title III, Food for Development Program, for fiscal years 1989, 1990, and 1991:

	1989 Actual	1990 Estimated	1991 Estimated
Balance outstanding, start of year:			
Principal	$11,632,252,061	$12,203,946,419	$12,808,872,419
Interest	352,321,662	353,848,696	370,079,696
Total	11,984,573,723	12,557,795,115	13,178,952,115
Amounts billed during year:			
Principal	873,009,308	848,963,000	817,000,000
Interest	286,839,570	315,594,000	331,237,000
Total	1,159,848,878	1,164,557,000	1,148,237,000
Repayments:			
Principal	-301,314,950	-244,037,000	-278,198,000
Interest	-285,312,536	-299,363,000	-314,202,000
Total	-586,627,486	-543,400,000	-592,400,000
Balance outstanding, end of year:			
Principal	12,203,946,419	12,808,872,419	13,347,674,419
Interest	353,848,696	370,079,696	387,114,696
Total	12,557,795,115	13,178,952,115	13,734,789,115

(2) A decrease of $26,599,000 in amounts for financing commodities supplied in connection with dispositions abroad (Title II).

	1989 1/ Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Program:				
Expenses of shipments:				
Commodity costs	$597,651,643	$474,720,000	(a) -$57,580,000	$417,140,000
Ocean transportation and inland distribution costs.	241,912,932	197,879,000	(b) +30,981,000	228,860,000
Total expenses of shipments	839,564,575	672,599,000	-26,599,000	646,000,000
Purchase of foreign currencies for use in self help activities	---	---	---	---
Total expenses of shipments	839,564,575	672,599,000	-26,599,000	646,000,000
Financing:				
1988 funds used for 1989 costs	-595,015,237	---	---	---
1989 funds used for 1990 costs	454,450,662	-454,450,662	+454,450,662	---
1990 funds used for 1991 costs	---	454,450,662	-908,901,324	-454,450,662
1991 funds used for 1992 costs	---	---	+454,450,662	454,450,662
Net financing	-140,564,575	---	---	---
Total available or estimate	699,000,000	672,599,000	-26,599,000	646,000,000

1/ Reflects net transfers of $69.0 million in program level and appropriation from Titles I/III to Title II under authority provided in the FY 1989 Appropriation Act.

(a) A decrease of $57,580,000 in commodity costs ($474,720,000 available in 1990). Although commodity shipments are projected to be higher, this decrease reflects the expectation that commodity unit prices will return to their pre-drought rates.

(b) An increase of $30,981,000 in ocean transportation and inland distribution ($197,879,000 available in 1990). This increase is due to higher metric tonnage shipments.

Costs financed include payment to the Corporation for its investment in commodities made available, including acquisition costs, storage, processing and packaging, inland transportation, and handling charges. Commodities supplied from the Corporation's inventory, if acquired under a price support program, are valued at a price not greater than the export market price at the time of delivery. Costs of ocean transportation are paid from U.S. ports to designated ports of entry abroad, or designated points of entry in landlocked countries, as well as any foreign currencies purchased for use in self-help activities.

The following table shows estimated expenses of shipments of commodity for fiscal years 1989, 1990, and 1991:

Public Law 480, Title II
Expenses of shipments-- Commodities supplied in connection with dispositions abroad, 1989-1991:

Commodity	Unit of Measure	1989 Actual		1990 Estimate		1991 Estimate	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel	6,469,339	$20,034,384	4,850,863	$12,360,000	2,290,036	$5,617,000
Corn products.....	pound	148,414,063	13,132,383	182,256,729	13,565,000	150,343,647	10,939,000
Grain sorghum.....	bushel	2,627,212	7,173,483	390,014	878,000	2,173,271	5,002,000
Sorghum products.....	pound	24,248,692	2,364,680	23,528,090	2,094,000	73,709,302	6,339,000
Oat products.....	pound	5,995,897	1,185,065	---	---	---	---
Total feed grains.....		---	43,889,995	---	28,897,000	---	27,897,000
Wheat.....	bushel	35,126,810	143,073,210	9,046,717	35,825,000	15,927,501	59,537,000
Wheat flour.....	pound	293,917,213	28,367,129	169,321,101	18,456,000	171,974,708	17,679,000
Bulgur.....	pound	587,279,263	56,251,166	321,178,025	40,537,000	312,275,333	22,065,000
Other wheat products.....	pound	29,259,023	5,089,305	---	---	---	---
Total wheat and products..	bu.equ.	55,320,713	232,780,810	19,925,988	94,818,000	26,668,167	99,281,000
Rice, milled.....	cwt.	5,898,087	77,494,119	1,983,280	26,992,000	1,802,547	24,767,000
Beans, dry edible.....	cwt.	815,549	22,460,045	520,800	18,426,000	294,325	7,676,000
Blended food products.....	pound	547,318,150	77,502,682	613,579,000	73,060,000	346,588,851	39,770,000
Peas, dry whole.....	pound	77,074,346	13,534,780	45,085,000	6,136,000	23,984,093	3,317,000
Cheese.....	pound	---	6,516	---	---	---	---
Milk, nonfat dry.....	pound	49,461,308	2,137,495	---	---	---	---
Total dairy products.....	pound	49,461,308	2,144,011	---	---	---	---
Vegetable oil products.....	pound	356,020,756	127,834,922	236,437,000	81,263,000	164,796,034	58,173,000
Lentils.....	pound	---	10,279	35,893,000	6,755,000	32,855,643	6,259,000
Unallocated Reserve.....	met.ton	---	---	384,000	138,373,000	655,000 1/	150,000,000 1/
Total commodity costs....		---	597,651,643	---	474,720,000	---	417,140,000
Ocean transportation.....	met.ton	2,452,782	241,912,932	1,622,000	197,879,000	1,876,000	228,860,000
Total expenses of shipment..		---	839,564,575	---	672,599,000	---	646,000,000

Note: Metric tonnage shown is based on the pounds of products on which freight is actually paid, not on bushel equivalent of grain.

1/ Fiscal year 1991 reserve is subject to change.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Purpose Statement

The Agricultural Stabilization and Conservation Service (ASCS) was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020-15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241-273) is the legislative authority for this program. The Food Security Act of 1985, enacted on December 23, 1985 provided for changes to several existing grams and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation. The Disaster Assistance Acts of 1988 and 1989, enacted August 11, 1988 and August 14, 1989, respectively, provided for disaster assistance to eligible producers who experienced in 1988 and 1989 livestock or crop losses due to damaging weather or related conditions.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected ASC county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 50 ASC State committees, an ASC committee in Puerto Rico, and 3,054 county committees. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation (CCC). Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on non-licensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

Permanent, full-time, end-of-year Federal employment for ASCS for fiscal years 1989, 1990, and 1991 is as follows:

Federal Employment	FY 1989 (actual)	FY 1990 (est.)	FY 1991 (est.)
Washington	609	620	620
Field Offices (States, Kansas City field offices, and Aerial Photography Field Office)	2,289	2,356	2,361
TOTAL FEDERAL	2,898	2,976	2,981
ASCS county office staff-years	17,530	17,600	15,200

Following are the principal programs and funding related to ASCS operations:

1. Salaries and Expenses Account. The administrative expenses of Agency programs and other functions assigned to ASCS are funded by this account. The account was established by the Agricultural Appropriation Act of 1963 (P.L. 87-879) to simplify budgetary and accounting requirements and recordkeeping. Salaries and expenses for administering commodity price support, related CCC programs, warehouse examinations, conservation, and all other programs are financed by funds transferred from the CCC, by user fees, and by various transfers, advances, and reimbursements. The Agricultural Appropriation Act of 1964 (P.L. 88-250) authorized the merger of all sources of administrative expense funds, including those transferred from CCC.

2. Conservation Reserve Program. The Conservation Reserve Program (CRP) was mandated by sections 1231-1244 of the Food Security Act of 1985 (P.L. 99-198) to establish permanent cover on highly erodible cropland. The primary objectives of the CRP are to help farmers control critical soil erosion that occurs on about a third of America's cropland and to decrease production of surplus agricultural commodities.

   The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the eligibility criteria: belonging to land capability class VI through VIII; eroding at three times the soil loss tolerance or higher; eroding at twice the soil loss tolerance if there is serious gully erosion or if trees are planted; or having cropped wetlands or cropland subject to scour erosion. Up to 45 million acres of highly erodible land may be entered into the reserve.

   The program is administered by State and local ASC committees working under the general direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, State forestry agencies, the Cooperative Extension Service, and other appropriate agencies.

   In exchange for entering land into the reserve, program participants will receive annual rental payments in cash or CCC commodities, or a combination of both, based on their accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers will receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

   To facilitate program implementation, use of the funds, services and facilities of the Commodity Credit Corporation (CCC) was authorized for fiscal years 1986 and 1987. In accordance with the Food Security Act, beginning with the fiscal year 1988 budget, separate appropriations have been requested to carry out program provisions. The services and facilities of the CCC continue to be used, with annual appropriations provided in advance.

3. Agricultural Conservation Program. This program is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (P.L. 74-46), as amended and supplemented; sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (P.L. 91-524), as added by the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86); section 1501 of the Food and Agriculture Act of 1977 (P.L. 95-113); and the Energy Security Act of 1980 (P.L. 96-294). The program's primary objective is to conserve the nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. The ACP focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Through the ACP, farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance. A variable cost-share level is also used by counties on a voluntary basis to encourage more conservation on the land for the same or less cost, by relating cost-share levels to the severity of the erosion and the amount of soil savings obtained.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is done in consultation with National, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation practices. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

4. Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for a 70-percent Federal cost-share rate with reimbursement of 30 percent of ASCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of 49 percent. The program will be carried out in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Utah, and Wyoming.

5. Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313). Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

6. Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559) enacted December 1970, as amended by P.L. 96-182, enacted January 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning. Agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established by the ASC State committee based on prevailing local land values. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

7. Emergency Conservation Program. This program is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334). Its objective is to restore to normal agricultural use farmlands damaged by wind erosion, hurricane, flood, or other natural disaster and designated as eligible for assistance by ASC county committees. Also included under the program are water conservation and water enhancement practices during periods of severe drought as determined by the ASCS Deputy Administrator for State and County Operations. Up to 64 percent of the cost of carrying out approved practices under this program is shared with farmers.

8. Rural Clean Water Program. This experimental program was authorized by the Agricultural Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528). The program is a cooperative endeavor among farmers, various USDA agencies, and EPA to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. Improved water quality is achieved, in keeping with water quality goals and standards, in a cost effective manner. The program provides 3- to 10-year financial and technical assistance for the installation and maintenance of practices to control water pollution on agricultural lands in selected project areas. Treatment measures for each farm are based on an approved water quality plan. The effectiveness of these practices in reducing pollutants is evaluated.

9. Dairy Indemnity Program. This program was established by section 3 of P.L. 90-484, "An Act to provide indemnity payments to dairy farmers." This law carried out the intent of P.L. 88-452, Economic Opportunity Act of 1964, which originally authorized indemnity payments. The program was extended through September 30, 1990, by section 152 of the Food Security Act of 1985. Under this program, indemnity payments are made to farmers and manufacturers who are directed to remove their milk or milk products from commercial markets because of (1) residues of chemicals that have been registered and approved by the Federal Government, (2) residues of other chemicals and toxic substances, or (3) nuclear fallout. The authority also provides indemnity payments on cows producing such milk.

10. Commodity Credit Corporation Program Activities. Various commodity price support and related programs have been authorized in numerous laws since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are used in the administration of the CCC programs. The Administrator of ASCS is ex-officio Executive Vice President of the Corporation. Additional information on the commodity price support and related activities of the Commodity Credit Corporation is found elsewhere in these Explanatory Notes.

11. Foreign Assistance Program and Other Special Activities. Various surplus disposal programs and other special activities are authorized by law. These laws authorize the use of CCC funds and facilities to implement the programs. Under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended, the Corporation finances the sale of exported agricultural commodities (Titles I and III) and donates commodities to friendly nations in times of famine or other emergencies in order to combat malnutrition (Title II). Funds for these programs are made available to the Corporation for its costs incurred or to be incurred in connection with these activities. Additional information on these programs is found elsewhere in these Explanatory Notes.

12. Other Activities. The Agricultural Stabilization and Conservation Service is responsible for part of the Department's emergency preparedness work. This activity includes defense readiness for food production; domestic distribution of farm machinery, fertilizer, feed, and seed; food processing and storage; and distribution through the wholesale level. ASCS also performs certain services for other Federal agencies and others on an advance or reimbursable payment basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Available Funds and Staff-Years
1989 Actual and Estimated 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries & Expenses, ASCS:						
Transfer from Rental Payments..	$381,000	)	$110,000	)	--	)
Transfer from CCC..	619,725,000	)	623,732,000	)	$630,406,000	)
Total, Salaries and Expenses, ASCS.....	620,106,000	2,999	623,842,000	3,048	630,406,000	3,046
Agricultural Conservation Program.....	176,935,000		182,369,000		176,000,000	
Colorado River Basin Salinity Control Program.....	5,452,000		10,341,000		14,783,000	
Conservation Reserve Program.....	1,727,539,000		1,010,978,000		1,878,038,000	
Dairy Indemnity Program.....	5,000		5,000		--	
Forestry Incentives Program.....	12,446,000		12,446,000		12,446,000	
Water Bank Program.....	9,000,000		12,240,000		12,793,000	
Emergency Conservation Program.....	5,000,000		9,927,000		--	
Subtotal, ASCS.....	2,556,483,000	2,999	1,862,148,000	3,048	2,724,466,000	3,046
Obligations under other USDA appropriations..	34,915,000	215	40,401,000	232	35,850,000	225
Total Agriculture and Related Agencies Appropriations.....	2,591,398,000	3,214	1,902,549,000	3,280	2,760,316,000	3,271
Other Federal Funds....	475,000	1	485,000	1	485,000	1
Non-Federal Funds.....	42,760,000	80	36,542,000	78	51,998,000	92
Total, Agricultural Stabilization and Conservation Service.	2,634,633,000	3,295	1,939,576,000	3,359	2,812,799,000	3,364

Full-Time Equivalent Staff-Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling.....	3,295	3,359	3,364
Non-ceiling.....	62	81	83
Total.....	3,357	3,440	3,447

Note: Staff-years shown do not include staff-years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal employees.

ASCS county employee staff-years are as follows:

FY 1989 - 17,530
FY 1990 - 17,600
FY 1991 - 15,200 a/

a/ County office staff-year estimates for FY 1991 assume continuation of programs and activities under the Food Security Act of 1985. Actual workload activities and county office staffing needs in FY 1991 will be dependent on 1990 Farm Bill provisions.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1989 and Estimated 1990 and 1991

	1989			1990			1991		
Grade	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES 6	0	0	0	0	0	0	0	0	0
ES 5	3	0	3	3	0	3	3	0	3
ES 4	5	2	7	5	2	7	5	2	7
ES 3	4	0	4	4	0	4	4	0	4
ES 2	3	0	3	3	0	3	3	0	3
ES 1	2	0	2	2	0	2	2	0	2
GS/GM 15	42	29	71	43	30	73	43	30	73
GS/GM 14	79	55	134	80	58	138	80	58	138
GS/GM 13	130	202	332	131	208	339	131	208	339
GS 12	74	602	676	75	614	689	75	616	691
GS 11	47	308	355	48	315	363	48	316	364
GS 10	0	9	9	0	9	9	0	9	9
GS 9	22	178	200	23	181	204	23	181	204
GS 8	7	20	27	7	20	27	7	20	27
GS 7	58	239	297	59	244	303	59	244	303
GS 6	54	131	185	56	133	189	56	133	189
GS 5	40	314	354	41	320	361	41	321	362
GS 4	21	136	157	22	139	161	22	139	161
GS 3	5	28	33	5	28	33	5	28	33
GS 2	6	4	10	6	1	7	6	1	7
GS 1	1	0	1	1	0	1	1	0	1
Ungraded Positions	6	34	40	6	34	40	6	34	40
Total Permanent Positions	609	2,291	2,900	620	2,336	2,956	620	2,340	2,960
Staff-years:									
Ceiling	629	2,666	3,295	651	2,708	3,359	651	2,713	3,364
Non Ceiling ..	9	53	62	9	72	81	11	72	83
TOTAL	638	2,719	3,357	660	2,780	3,440	662	2,785	3,447

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS

Agency Summary

1989 and Estimated 1990 and 1991

Personnel Compensation:	1989	1990	1991
Headquarters	$24,277,000	$25,571,000	$26,474,000
Field	77,579,000	82,905,000	86,349,000
11 Total personnel compensation	101,856,000	108,476,000	112,823,000
12 Personnel Benefits	19,013,000	20,522,000	21,453,000
13 Benefits for former personnel	603,000	625,000	646,000
Total Pers. Comp. and Benefits	121,472,000	129,623,000	134,922,000
Other Objects:			
21 Travel	6,254,000	6,947,000	7,286,000
22 Transportation of things	1,074,000	1,291,000	1,326,000
23.2 Rental payments to others.....	3,507,000	4,873,000	5,105,000
23.3 Communications, utilities, and misc. charges.....	14,626,000	22,471,000	24,973,000
24 Printing and reproduction	2,854,000	3,123,000	3,374,000
25 Other services	53,416,000	35,056,000	27,363,000
26 Supplies and materials	5,401,000	6,860,000	7,544,000
31 Equipment	1,127,000	1,472,000	1,479,000
41 Grants, subsidies, and contributions ..	2,078,316,000	2,539,395,000	2,975,011,000
42 Insurance claims and indemnities	29,000	14,000	19,000
43 Interest and dividends	6,000	9,000	10,000
44 Refunds	52,000	55,000	55,000
Total other objects.....	2,166,662,000	2,621,566,000	3,053,545,000
Total obligations.....	2,288,134,000	2,751,189,000	3,188,467,000

Position Data:

Average Salary, ES positions	74,895	77,611	97,072
Average Salary, GS/GM positions	31,910	33,059	34,216
Average Grade, GS/GM positions	9.50	9.55	9.55

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); and laws pertaining to the Commodity Credit Corporation, not to exceed [$632,588,000] $630,406,000, to be derived by transfer from the Commodity Credit Corporation fund: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

Agricultural Stabilization and Conservation Service

SALARIES AND EXPENSES

	Direct Appropriation	Transfer from Commodity Credit Corporation	Total
Appropriation Act, 1990.....	--	$632,588,000	$632,588,000
Budget Estimate, 1991.....	--	630,406,000	630,406,000
Decrease in Transfers.....	--	-2,182,000	-2,182,000
Adjustments in 1990			
Appropriation Act, 1990.....	--	632,588,000	632,588,000
Transfer from Rental Payments a/.	+$110,000	--	+110,000
Gramm-Rudman-Hollings Reduction (P.L. 99-177).....	--	-8,856,000	-8,856,000
Adjusted base for 1990.....	110,000	623,732,000	623,842,000
Budget Estimate, 1991.....	--	630,406,000	630,406,000
Change from adjusted 1990.....	-110,000	+6,674,000	+6,564,000

a/ Reflects transfer to ASCS from Rental Payments as a result of ASCS State Offices moving to non-GSA space.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation and CCC transfers)

Item of Change	1990 Estimated	Pay Cost	1991 Estimated
Salaries and Expenses	$623,842,000	+$6,564,000	$630,406,000

PROJECT STATEMENT
(On basis of adjusted appropriation and CCC transfers)

	1989 Actual		1990 Estimated			1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Increase	Amount	Staff-Years
1. Program formulation and appraisal....	$22,938,000	111	$23,075,000	113	+$243,000	$23,318,000	113
2. Operation of supply adjustment, conservation and price support programs.....	533,157,000	2,576	536,347,000	2,617	+5,639,000	541,986,000	2,616
3. Inventory management and merchandising.....	63,855,000	308	64,237,000	314	+675,000	64,912,000	313
4. Warehouse examination..	156,000	4	183,000	4	+7,000	190,000	4
Total available or estimate..	620,106,000	2,999	623,842,000	3,048	+6,564,000	630,406,000	3,046
Transfer from CCC transfer authority....	-618,975,000	-2,999	-623,732,000	-3,048			
Portion not drawn down...	-750,000	--	--	--			
Transfer from Rental Payments.....	-381,000	--	-110,000	--			
Total, appropriation	-0-	-0-	-0-	-0-			

JUSTIFICATION OF INCREASES

An overall increase of $6,564,000 in CCC transfer authority for ASCS farm program administration ($623,842,000 available in fiscal year 1990) which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects the transfer of CCC funds used to carry out specific programs. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account. These transfers consolidate all administrative funds used by ASCS into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.

2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) processing annual Dairy Termination Program payments and issuing checks; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster, diversion and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.

3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities.

The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- Agricultural exports
- Environmental improvement and resource development and use
- Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

The following tabulation shows totals in this account for administrative expenses:

Project	1989 Actual	1990 Estimated	1991 Estimated
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal....	$25,580,000	$25,704,000	$26,340,000
2. Operation of supply adjustment, conservation, & price support programs..	594,570,000	597,440,000	612,234,000
3. Inventory management & merchandising.	71,211,000	71,553,000	73,326,000
4. Warehouse examination.....	6,145,000	6,573,000	6,839,000
Total.....	697,506,000	701,270,000	718,739,000
Obligations under direct appropriation and CCC transfers:			
ASCS.....	619,356,000	623,842,000	630,406,000
Obligations under funds from other sources and consolidated with this account	78,150,000	77,428,000	88,333,000
Total.....	697,506,000	701,270,000	718,739,000

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,678 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work-days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1989, divided by the actual work-years, determined the average work-year cost for 1989. This cost was revised for 1990 and 1991 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

COMPUTATIONS FOR DEVELOPING COUNTY OFFICE AND TOTAL COSTS

The computations below include all funds (CCC transfers, user fees, other advances and reimbursements, and transfers from other agencies) available to Salaries and Expenses, ASCS:

Fiscal Year 1989	
Normal work-days (Table I)	4,557,840
Work-years for workload programs	17,530 a/
Obligations for workload programs (county offices)	$515,573,000 a/
Obligations for other offices	$181,933,000
Total obligations, fiscal year 1989	$697,506,000
Fiscal Year 1990	
Normal work-days (Table I)	4,575,953
Work-year requirements for workload programs	17,600 a/
Obligations for workload programs (county offices)	$497,675,000 a/
Obligations for other offices	$203,595,000
Total estimated obligations, fiscal year 1990	$701,270,000
Fiscal Year 1991	
Normal work-days (Table I)	3,952,000
Work-year requirements for workload programs	15,200 a/
Obligations for workload programs (county offices)	$505,283,000 a/
Obligations for other offices	$213,456,000
Total estimated obligations, fiscal year 1991	$718,739,000

a/ The following work-years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

	FY 1989		FY 1990		FY 1991	
	Work-Years	Dollars	Work-Years	Dollars	Work-Years	Dollars
FCIC	279	$5,022,000	377	$10,129,000	198	$5,215,000

TABLE I

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work-Days by Program/Function
FY 1989 Actual, FY 1990 Estimated and FY 1991 Projected

Program/Function	FISCAL YEAR 1989 Actual	1990 Estimated	1991 Projected
Conservation and Related Programs.....	397,639	400,258	340,332
Wool and Mohair.....	16,719	17,859	17,859
Loan Activity.....	295,992	332,873	375,734
Compliance.....	790,286	782,206	671,748
Yields and Bases Establishment.	215,641	389,135	326,709
Commodity Program Payments.....	810,866	686,786	391,801
Basic Farm Records.....	396,944	413,160	413,160
Peanut Quotas and Marketings...	22,768	22,768	22,768
Tobacco Allotments and Marketings.....	69,021	69,021	69,021
Referenda.....	3,906	185	7,000
Administration.....	816,575	912,029	891,748
Committee Elections.....	32,924	35,634	39,775
Unmeasured.....	409,111	212,739	129,517
Measurement Services.....	192,641	188,067	188,067
State and County Office Automation Project.....	14,284	15,236	15,236
Subtotal.....	4,485,317	4,477,956	3,900,475
FCIC and Reinsured Companies...	72,523	97,997	51,525
Total.....	4,557,840	4,575,953	3,952,000
County Staff Year Equivalent of Normal Workdays.....	17,530	17,600	15,200

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	FY 1989 Actual	FY 1990 Estimated	FY 1991 Estimated
1. LOANS MADE			
Upland Cotton (bales)	10,940	2,975	4,300
Corn (bu)	741,515	1,257,998	1,345,000
Grain Sorghum (bu)	41,443	58,200	130,000
Rice, Rough (cwt)	160,765	131,549	148,601
Wheat (bu)	94,125	105,000	138,000
Soybeans (bu)	119,723	300,000	310,000
Other Grains (bu)*	23,185	43,600	33,800
Honey (lb)	176,838	207,674	199,470
ELS Cotton (bales)	20	2	25
2. LOAN COLLATERAL FORFEITURES			
Upland Cotton (bales)	130	30	0
Corn (bu)	278,366	225,146	425,000
Grain Sorghum (bu)	35,012	16,634	26,200
Rice, Rough (cwt)	347	30	0
Wheat (bu)	52,917	90,480	72,035
Soybeans (bu)	507	0	0
Other Grains (bu)*	20,923	4,311	0
Honey (lb)	51,829	31,240	27,065
ELS Cotton (bales)	0	0	0
3. DISPOSITIONS			
Upland Cotton (bales)			
Regular	0	146	0
Certificates	155	19	0
Total	155	165	0
Corn (bu)			
Regular	66,089	48,641	108,260
Certificates	848,326	315,000	256,000
Total	914,415	363,641	364,260
Grain Sorghum (bu)			
Regular	31,902	34,929	30,656
Certificates	159,071	65,400	82,300
Total	190,973	100,329	112,956
Rice, Rough (cwt)			
Regular	2,785	2,681	2,815
Certificates	574	0	0
Total	3,359	2,681	2,815

(continued next page)

TABLE II (continued)

Item and Commodity	FY 1989 Actual	FY 1990 Estimated	FY 1991 Estimated
DISPOSITIONS (cont.)			
Wheat (bu)			
Regular	126,778	84,943	45,656
Certificates	87,980	44,872	4,000
Total	214,758	129,815	49,656
Soybeans (bu)			
Regular	1,990	627	0
Certificates	278	0	0
Total	2,268	627	0
Other Grains (bu)*			
Regular	8,863	500	300
Certificates	65,353	18,220	12,405
Total	74,216	18,720	12,705
Honey (lb)			
Regular	37,783	42,850	42,350
Certificates	(21)	0	0
Total	37,762	42,850	42,350
ELS Cotton (bales)	0	0	0
4. ENDING INVENTORIES			
Upland Cotton (bales)	124	0	0
Corn (bu)	491,901	443,389	632,129
Grain Sorghum (bu)	358,964	289,228	218,550
Rice, Rough (cwt)	3,969	249	131
Wheat (bu)	180,270	151,935	178,314
Soybeans (bu)	627	0	0
Other Grains (bu)*	45,547	36,253	23,548
Honey (lb)	56,870	44,722	28,899
ELS Cotton (bales)	0	0	0

*Includes barley, oats, and rye.

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a nationwide network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditionally hand prepared forms and documents.

Most farm and producer data are currently maintained on county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers.

Through the departmental communications network, summary data is transmitted to ASCS State offices where it is used for program management and oversight purposes. State offices further summarize this information for transmission to the Kansas City Management Office. Some of this accounting and administrative information will be transmitted to Washington Headquarters Management Information Systems (MIS) and Executive Information Systems data bases. These data bases will be designed and maintained as a shared information resource for ASCS and the Foreign Agricultural Service (FAS), and will include information relative to the activities and missions of both agencies. With both foreign and domestic production and supply and demand information provided by the new data bases, agency and departmental policymakers will have immediate access to the latest foreign and domestic commodity market information.

Contractor assistance is being utilized for developing and implementing the processed commodities inventory system, tobacco and cotton automation activities and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling $22,259,000 in fiscal year 1991 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission-essential enhancements for the State and County Office Automation Project (SCOAP) equipment are estimated at $10,785,000. Hardware enhancements and related capitalized software for the CCC Computer Facility, including components for headquarter and field offices, are estimated at $1,598,000. The purchase of microcomputers, peripheral devices and software in support of Agricultural Trade offices and Embassies world-wide is estimated at $5,500,000. Cotton automation is estimated at $1,013,000. The remaining $3,363,000 is for the purchase of equipment including software, telephones, and peripherals needed by ASCS in support of IRM objectives and to keep abreast of new technologies and their impact on ASCS.

CONGRESSIONAL DIRECTIVE

In accordance with a Congressional directive requesting that the Explanatory Notes reflect a division between administrative costs for regular conservation programs and all other ASCS activities, the estimated fiscal year 1991 administrative cost for conservation, excluding the Conservation Reserve Program, is $39,388,000.

This cost estimate includes all conservation administrative costs associated with activities previously funded through direct appropriation. For fiscal year 1991, this estimate reflects costs for administering carryover activities as well as new funds for Agricultural Conservation Program activities including water quality initiatives, the Water Bank Program, the Forestry Incentives Programs, and the Colorado River Basin Salinity Control Program.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
Geographic Breakdown of Obligations and Staff-Years
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimate	1991 Estimate
Alabama	$11,232,395	$10,757,653	$10,787,068
Alaska	424,058	424,754	431,721
Arizona	2,027,638	1,968,550	1,981,030
Arkansas	11,550,950	11,048,183	11,075,687
California	6,695,654	6,460,452	6,489,532
Colorado	6,799,670	6,517,945	6,538,338
Connecticut	1,040,265	1,021,938	1,031,725
Delaware	741,676	729,125	736,278
District of Columbia	61,198,774	69,626,855	72,788,686
Florida	5,765,841	5,551,734	5,578,129
Georgia	17,523,919	16,733,935	16,768,518
Hawaii	462,477	459,635	466,342
Idaho	6,649,368	6,414,347	6,443,348
Illinois	27,672,641	26,293,036	26,315,736
Indiana	16,332,191	15,559,421	15,583,286
Iowa	31,758,242	30,152,815	30,176,757
Kansas	22,859,592	21,705,363	21,732,683
Kentucky	15,218,769	14,563,949	14,600,329
Louisiana	8,318,525	8,000,514	8,030,185
Maine	2,140,086	2,083,765	2,098,518
Maryland	2,687,957	2,604,033	2,618,158
Massachusetts	959,012	934,082	941,483
Michigan	13,675,308	13,087,599	13,119,807
Minnesota	21,193,633	20,143,306	20,164,464
Mississippi	12,706,077	12,191,856	12,229,019
Missouri	64,150,837	76,718,797	78,417,784
Montana	9,331,549	8,916,129	8,938,875
Nebraska	23,885,140	22,844,755	22,765,525
Nevada	959,048	934,501	942,188
New Hampshire	930,979	911,403	919,531
New Jersey	1,201,478	1,177,678	1,187,422
New Mexico	3,345,936	3,226,431	3,241,534
New York	7,537,764	7,209,089	7,228,210
North Carolina	17,747,016	16,935,942	16,967,964
North Dakota	17,222,746	16,404,991	16,431,297
Ohio	16,076,897	15,338,002	15,366,282
Oklahoma	12,247,594	11,716,878	11,747,547
Oregon	4,274,380	4,131,408	4,152,458
Pennsylvania	8,856,740	8,471,686	8,493,393
Puerto Rico-Virgin Islands	653,796	717,635	740,189
Rhode Island	309,078	312,452	317,607
South Carolina	7,608,795	7,305,593	7,330,735
South Dakota	14,432,300	13,733,629	13,752,926
Tennessee	14,612,182	13,955,764	13,984,299
Texas	39,753,043	37,898,830	37,964,106
Utah	4,061,358	9,265,463	10,003,118
Vermont	1,326,932	1,288,250	1,297,423
Virginia	10,190,762	9,750,584	9,775,418
Washington	4,854,883	4,670,761	4,689,984
West Virginia	4,877,188	4,683,265	4,699,700
Wisconsin	18,868,678	17,956,025	17,978,576
Wyoming	2,404,183	2,331,216	2,345,077
Total Direct Obligations/Estimates	619,356,000	623,842,000	630,406,000
Undistributed Reimbursements	78,150,000	77,428,000	88,333,000
Total, Available Estimate	$697,506,000	$701,270,000	$718,739,000

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Dairy Indemnity Program

[For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968, as amended (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, $5,000: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: Provided further, That this amount shall be transferred to the Commodity Credit Corporation: Provided further, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursement.]

The change deletes the appropriation language for the Dairy Indemnity Program since no funds are proposed for fiscal year 1991.

Dairy Indemnity Program

Appropriation Act, 1990	$5,000
Budget Estimate, 1991	--
Decrease in Appropriation	-5,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Indemnity payments to dairy farmers	$5,000	-$5,000	--
Indemnity payments to manufacturers of dairy products	--	--	--
Total Available	5,000	-5,000	--

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Indemnity payments to dairy farmers and manufacturers	$5,000	$5,000	-$5,000	--
Total, appropriation or estimate	5,000	5,000	-5,000	--

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Indemnity payments to dairy farmers and manufacturers	$230,100	$100,495	-$495	$100,000
Recovery of prior year obligations	-518,158	--	--	--
Unobligated balance brought forward from prior years .	-565,437	-858,495	+95,495	-763,000
Unobligated balance carried forward to next year	858,495	763,000	-100,000	663,000
Total, appropriation or estimate	5,000	5,000	-5,000	--

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (a) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (b) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended ten times. Major legislation extending and modifying the program is summarized as follows:

-- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.

-- The Agriculture and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.

-- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk, or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.

-- The Agriculture and Food Act of 1981 extended authority for the Dairy Indemnity Program through September 30, 1985.

-- The Food Security Act of 1985 extended authority for the Dairy Indemnity Program through September 30, 1990.

-- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.

-- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.

During fiscal year 1990, an estimated $100,495 will be obligated for payment of claims filed by dairy producers under the program. In fiscal year 1991 sufficient funds will be available to cover expected claims during a normal year of operation.

JUSTIFICATION OF DECREASE

A decrease of $5,000 for indemnity payments to dairy farmers ($5,000 available in fiscal year 1990).

Need for Change. It is estimated that funds currently available will be sufficient to satisfy anticipated claims; therefore, no additional funds are requested in the fiscal year 1991 budget.

Nature of Change. No new funding for indemnity payments to dairy farmers and manufacturers of dairy products is requested in fiscal year 1991 since sufficient carryover funds are expected to be available.

The following table shows the geographic breakdown of obligations for fiscal years 1989-91.

Dairy Indemnity Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$1,272	--	--
Georgia	3,437	--	--
Illinois	42,552	--	--
Indiana	4,207	--	--
Iowa	20,200	$2,082	--
Missouri	4,859	--	--
Nebraska	1,114	2,539	--
Oklahoma	11,013	--	--
South Dakota	--	985	--
Texas	139,485	25,000	--
Virginia	1,166	--	--
Wisconsin	795	1,000	--
Undistributed	--	68,889	$100,000
Total, Available or Estimate	$230,100	$100,495	$100,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o,
1 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act
2 of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510[)]), and including not to exceed $15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States,
3 [$184,935,000] $176,000,000, to remain available until expended [(16 U.S.C. 590o)] for agreements, excluding administration but including technical assistance and related expenses, except that no participant in the Agricultural Conservation Program shall receive more than $3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the number of years of the agreement: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amended, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: Provided further, That such assistance will not be used for carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program $2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities" approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913 to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels.

The first change is a grammatical change to enclose the United States Code citation.

The second change is a grammatical change to delete a superfluous parenthesis.

The third change is to delete a United States Code citation already included in the language.

Agricultural Conservation Program

Appropriation Act, 1990	$184,935,000
Budget Estimate, 1991	176,000,000
Decrease in Appropriation	-8,935,000

Adjustments in 1990		
Appropriation Act, 1990	$184,935,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-2,566,000	
Adjusted base for 1990		182,369,000
Budget estimate, 1991		176,000,000
Decrease from adjusted 1990		-6,369,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical assistance to farmers	$182,369,000	-$6,369,000	$176,000,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$176,935,000	$182,369,000	-$6,369,000	$176,000,000
Total, available or estimate	176,935,000	182,369,000	-6,369,000	176,000,000
Gramm-Rudman-Hollings reduction	--	2,566,000		
Total, appropriation	176,935,000	184,935,000		

PROJECT STATEMENT
(On basis of available funds)

	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$184,114,485	$226,837,125	-$50,837,125	$176,000,000
Recovery of prior year obligations	-103,703	--	--	--
Unobligated balance brought forward from prior years..	-51,543,907	-44,468,125	+44,468,125	--
Unobligated balance carried forward to next year.....	44,468,125	--	--	--
Total available or estimate	176,935,000	182,369,000	-6,369,000	176,000,000

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510).

The purpose of the Agricultural Conservation Program (ACP) is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Soil Conservation Service (SCS), Forest Service (FS), and Extension Service (ES).

In contrast to the Conservation Reserve Program, which removes highly erodible land from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs of land that remains in production, in addition to addressing other environmental concerns such as water quality.

The ACP is administered by ASCS through the farmer-elected committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1982 National Program for Soil and Water Conservation, and related Resources Conservation Act Appraisal updates.

1990 Program

1. Program Direction. The 1990 ACP will be directed toward congressional and executive objectives through continued emphasis on specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.

   -- Annual Agreements. $138.445 million will be earmarked for cost-sharing of annual agreements and will be allocated to the States for this purpose.

   -- Long-Term Agreements. $20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.

-- Variable Cost-Share Level Project. Under this program, cost-share levels are established for erosion control practices on the basis of the severity of the erosion problem and the amount of soil saved. In fiscal year 1989 a total of 391 counties participated in this voluntary project. Results indicate that there are improvements in the cost effectiveness of practices applied under the program. Based on these results, $2 million will be allocated to continue the program in fiscal year 1990.

-- Water Quality Projects. Approximately $20.1 million will be available to fund priority water quality initiatives including $900,000 for eight USDA demonstration projects and $7.1 million for 37 USDA nonpoint source hyrdrologic units. Also, $12.1 million will be available for cost-sharing for ACP practices in special State water quality projects that will produce water quality benefits.

-- Method of Allocation. In accordance with administrative policy, the proportionate share of funds allocated to any State for annual agreements will not be reduced more than one percent from the fiscal year 1989 distribution. Distribution to the States will be made according to their conservation needs, as determined by the Secretary.

-- Technical Assistance. $1.824 million is available to the Forest Service for technical assistance relating to forestry practices.

2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committees to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.

3. Practices. The 1990 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

   Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASE

A decrease of $6,369,000 for cost-share assistance to agricultural producers ($132,369,000 available in fiscal year 1990).

Need for Change. The fiscal year 1991 ACP, in line with the recent National Program for Soil and Water Conservation appraisal, will emphasize soil conservation on farmland, rangeland, and pastureland. The requested funding level of $176 million will address priority traditional soil and water conservation measures and will support the Administration's water quality initiative at an increased level.

At the requested level of $176 million, conservation practices on a total of 7.3 million acres would prevent approximately 37.9 million tons of soil erosion and save 466,000 acre-feet of water. Other conservation needs such as water quality improvement, forest and rangeland improvement, and wildlife habitat preservation will be addressed.

Nature of Change. The requested level of $176 million would fund the following:

-- Water Quality Projects. $23 million will be allocated to States for water quality projects in line with the Administration's high priority initiative.

- o $1.8 million for USDA national demonstration projects. Eight additional projects will be initiated, for a total of 16 during fiscal year 1991. Projects will demonstrate the potential to achieve area-wide improvement in water quality through adoption of alternative tillage systems, crop rotations, harvesting techniques, and conservation management systems. ASCS will collaborate in the development and implementation of a coordinated operational plan that includes financial incentives, education, technical assistance, and economic evaluation. ASCS will provide financial incentives through cost-sharing with farmers to accelerate implementation of practices to reduce contamination of ground-water from agricultural chemicals.

- o $7.1 million for USDA nonpoint source hydrologic units. Thirty-seven additional units are planned, for a total of 74 during fiscal year 1991. The hydrologic units will be selected based on consideration given to the magnitude of the water quality problem, the type or types of impairment, its solvability, and resources needed. Coordination with nonpoint source water quality planning by State, local, and other Federal agencies will be incorporated into the process. ASCS will provide financial incentives through cost-sharing with farmers to achieve water quality improvements within each hydrologic unit.

- o $14.1 million for ACP special water quality projects. These projects also focus on water quality problems identified by State and local water quality planning agencies. However, the commitment is for a shorter period of time and the comprehensive planning with other USDA agencies is not a requirement.

-- Annual Agreements. Approximately $129.2 million will be allocated to States for annual practices with lasting conservation benefits.

-- Long-Term Agreements. $20 million will be allocated to States to involve farmers in the multi-year planning approach to conservation benefits.

-- Variable Cost-Share Level Project. $2 million will be earmarked for counties to again participate in this project, which bases cost-share payment levels on the amount of erosion reduction achieved.

-- Technical Assistance. Approximately $1.8 million will be available for technical assistance provided by Forest Service.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-1991.

Agricultural Conservation Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$4,574,834
Alaska	221,237
Arizona	2,089,351
Arkansas	5,009,092
California	5,545,509
Colorado	5,592,405
Connecticut	314,672
Delaware	269,143
Florida	3,802,109
Georgia	5,287,980
Guam	3,000
Hawaii	199,913
Idaho	3,748,039
Illinois	6,663,816
Indiana	3,443,706
Iowa	7,297,871
Kansas	5,285,524
Kentucky	4,697,376
Louisiana	3,464,503
Maine	2,370,086
Maryland	972,527
Massachusetts	482,034
Michigan	4,653,348
Minnesota	4,401,563
Mississippi	4,910,812
Missouri	7,523,953
Montana	5,452,142
Nebraska	5,148,135
Nevada	875,675
New Hampshire	649,515
New Jersey	564,927
New Mexico	2,347,463
New York	4,683,432
North Carolina	4,250,716
North Dakota	4,343,921
N. Mariana Islands	0
Ohio	3,665,013
Oklahoma	4,090,964
Oregon	3,671,326
Pennsylvania	4,097,996
Puerto Rico	617,951
Rhode Island	52,908
South Carolina	2,774,134
South Dakota	4,087,429
Tennessee	3,684,676
Texas	16,703,657
Utah	3,200,390
Vermont	1,102,858
Virginia	3,687,586
Virgin Islands	11,179
Washington	4,155,720
West Virginia	2,358,235
Wisconsin	3,640,303
Wyoming	2,250,540
Undistributed	-1,009
ASCS Subtotal (Includes SCS Tech. Assistance)	185,082,185
FS Technical Assistance	3,533,312
TOTAL	$188,615,497

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$5,682,159	$5,205,527	4,303,000
Alaska	222,059	914,132	205,000
Arizona	2,031,442	2,353,023	1,526,000
Arkansas	5,590,782	4,426,008	3,857,000
California	4,556,359	5,919,722	4,180,000
Colorado	4,167,559	4,205,415	3,364,000
Connecticut	460,101	323,357	301,000
Delaware	242,444	276,958	163,000
Florida	4,063,630	4,308,383	3,183,000
Georgia	4,959,338	5,684,008	4,639,000
Guam	30,210	64,356	27,000
Hawaii	101,045	1,297,424	445,000
Idaho	3,508,068	3,211,897	2,917,000
Illinois	6,357,967	6,102,128	5,425,000
Indiana	3,725,930	4,785,233	2,958,000
Iowa	6,353,828	6,282,381	5,181,000
Kansas	5,069,411	5,589,008	4,479,000
Kentucky	4,978,520	4,351,169	3,805,000
Louisiana	3,397,042	4,263,214	2,962,000
Maine	2,853,344	2,666,843	1,997,000
Maryland	948,583	1,006,552	707,000
Massachusetts	473,677	534,737	420,000
Michigan	3,970,203	5,292,061	4,051,000
Minnesota	4,739,489	11,578,978	5,369,000
Mississippi	5,891,526	4,828,119	4,380,000
Missouri	7,256,001	8,090,612	6,167,000
Montana	4,041,003	4,437,229	3,632,000
Nebraska	4,042,812	4,574,659	3,728,000
Nevada	776,122	753,113	677,000
New Hampshire	794,389	608,807	475,000
New Jersey	545,035	782,062	482,000
New Mexico	2,289,956	2,933,872	1,830,000
New York	5,065,046	4,736,335	3,781,000
North Carolina	4,270,072	4,156,103	3,589,000
North Dakota	3,605,303	4,355,536	2,834,000
N. Mariana Islands	-687	89,950	27,000
Ohio	4,174,223	4,451,519	3,456,000
Oklahoma	4,163,596	4,178,874	3,319,000
Oregon	3,758,389	3,751,374	3,017,000
Pennsylvania	4,974,114	4,680,410	3,606,000
Puerto Rico	535,782	544,166	431,000
Rhode Island	101,515	58,474	54,000
South Carolina	2,764,533	2,467,612	2,012,000
South Dakota	2,991,401	2,760,280	2,254,000
Tennessee	3,344,770	4,482,665	2,921,000
Texas	14,888,534	19,677,725	13,896,000
Utah	2,217,449	2,019,517	1,549,000
Vermont	2,087,554	1,995,448	939,000
Virginia	3,650,181	2,994,347	2,711,000
Virgin Islands	1,862	53,346	19,000
Washington	5,142,006	6,080,691	3,733,000
West Virginia	2,253,899	1,911,516	1,672,000
Wisconsin	4,454,222	8,368,262	4,198,000
Wyoming	1,560,280	1,791,037	1,383,000
Undistributed	--	21,756,942 1/	25,000,000 1/
ASCS Subtotal (Includes SCS Tech. Assistance)	180,124,078	225,013,125	174,240,000
FS Technical Assistance	3,990,407	1,824,000	1,760,000
Total, Available or Estimate	$184,114,485	$226,837,125	$176,000,000

1/ Includes allocations to be issued for water quality and variable cost-share projects, and the national reserve.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, [$10,420,000] $14,783,000, to be used for investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees and the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments: Provided further, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

The change identifies the committees as State and county Agricultural Stabilization and Conservation (ASC) Committees.

Colorado River Basin Salinity Control Program

Appropriation Act, 1990	$10,420,000
Budget Estimate, 1991	14,783,000
Increase in Appropriation	+4,363,000

Adjustments in 1990		
Appropriation Act, 1990	$10,420,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-79,000	
Adjusted base for 1990		10,341,000
Budget estimate, 1991		14,783,000
Increase over adjusted 1990		+4,442,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$10,341,000	+$4,442,000	$14,783,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$5,452,000	$10,341,000	+$4,442,000	$14,783,000
Total, available or estimate	5,452,000	10,341,000	+4,442,000	14,783,000
Gramm-Rudman-Hollings reduction	--	79,000		
Total, appropriation	5,452,000	10,420,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
Cost-sharing and technical assistance to landowners and others	$6,058,021	$10,656,466	+$4,126,534	$14,783,000
Unobligated balance brought forward from prior years .	-921,487	-315,466	+315,466	--
Unobligated balance carried forward to next year	315,466	--	--	--
Total, available or estimate	5,452,000	10,341,000	+4,442,000	14,783,000

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin while supporting the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (USDI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area, and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River;

- Their lands or activities in a project area are designated as critical areas or salt sources;

- The Conservation District approves the Salinity Control Plan covering the critical areas and salt sources; and

- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS will agree to share with the participant the cost of establishing necessary salinity reduction practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control plan (Project Implementation Plan) includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the on-farm and offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds will be billed by USDI and paid by the States to Treasury. The Upper Basin States and Lower Basin States will contribute 15 percent and 85 percent, respectively, of the 30-percent share to be repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

SRP 1 ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.

SRP 2 OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.

SRP 3 PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.

SRP 4 SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.

SRP SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

The fiscal year 1990 appropriation of $10.341 million will be distributed as follows: $5.955 million to ASCS for cost-sharing; $3.944 million to Soil Conservation Service for technical assistance, monitoring and evaluation, and planning studies; and $442 thousand to Extension Service for information and education.

JUSTIFICATION OF INCREASE

An increase of $4,442,000 for Colorado River Basin Salinity Control Program payments to landowners and others ($10,341,000 available in fiscal year 1990).

Need for Change. The increased funding request in fiscal year 1991 will continue to move the program closer to the original implementation schedule, and will further support the Administration's water quality initiative.

The Colorado River Basin Salinity Control Program also supports the objectives of the National Program for Soil and Water Conservation and the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and the Republic of Mexico.

The requested level for the fiscal year 1991 program was closely coordinated with the respective States since the level cannot exceed each State's ability to reimburse the Federal Government for the State portion of the program costs. The States, therefore, support the recommended level as do the U.S. Department of Agriculture (USDA) Salinity Control Coordinating Committee, USDA technical assistance agencies, and the U.S. Department of the Interior (USDI).

The request would permit an increase in ASCS cost-sharing in the project areas of $2.7 million and $1.8 million in SCS technical support, compared to fiscal year 1990. It is anticipated that in 1991 participants will apply over 300 miles of pipelines and ditch linings and install at least 15,000 acres of sprinkler and other improved irrigation systems on approximately 33,600 acres of irrigated land. These measures will enable farmers to implement irrigation water management techniques which will reduce salt loading to the Colorado River.

Nature of Change. In fiscal year 1991, $13.414 million will be used for six ongoing projects located in Colorado, Nevada, Utah, and Wyoming; $1.269 will be used for pre-implementation activities for two projects--Lower Gunnison #2 and Lower Gunnison #3, Colorado; and $.1 million will be used for planning studies in the San Juan, New Mexico, and Lower Gunnison #2 and #3 project areas. Federal cost-sharing will be provided by ASCS; technical assistance, monitoring and evaluation, and planning studies by SCS; and information and education by ES. Involvement of irrigation districts, universities, and other units of State and local governments will continue.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-1991.

Colorado River Basin Salinity Control Program

Fiscal Year 1989 Outlays by State

State	Outlays
Colorado	$803,325
Utah	1,418,764
Wyoming	218,946
SCS & ES Technical Assistance	1,983,000
Total	$4,424,035

Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Colorado	$2,099,920	$2,593,803	$3,817,000
Nevada			954,000
Utah	1,519,533	2,862,338	2,863,000
Wyoming	427,568	814,325	1,015,000
SCS Technical Assistance	1,738,000	3,944,000	5,613,000
ES Information/ Education	273,000	442,000	521,000
Total, Available or Estimate	$6,058,021	$10,656,466	$14,783,000

NOTE: Thirty percent of ASCS cost-share obligations will be reimbursed by the States to Treasury.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), [$12,371,000] $10,498,000, to remain available until expended.

Water Bank Program -- Current Law

Appropriation Act, 1990		$12,371,000
Budget Estimate, 1991		10,498,000
Decrease in Appropriation		-1,873,000
Adjustments in 1990		
Appropriation Act, 1990	$12,371,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-131,000	
Adjusted base for 1990		12,240,000
Budget estimate, current law, 1991		10,498,000
Decrease from adjusted 1990		-1,742,000

Water Bank Program -- Proposed Legislation

Budget Estimate, Current Law, 1991	$10,498,000
Change due to proposed legislation	+2,295,000
Net Request, President's 1991 Budget Request	12,793,000

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Annual payments to landowners and operators	$12,240,000	-$1,742,000	$10,498,000

PROJECT STATEMENT -- CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Annual payments to landowners and operators	$9,000,000	$12,240,000	-$1,742,000	$10,498,000
Total, available or estimate	9,000,000	12,240,000	-1,742,000	10,498,000
Gramm-Rudman-Hollings reduction	--	131,000		
Total, appropriation	9,000,000	12,371,000		

PROJECT STATEMENT -- CURRENT LAW
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Annual payments to landowners and operators	$9,153,700	$13,495,378	-$2,997,378	$10,498,000
Unobligated balance brought forward from prior years	-1,409,078	-1,255,378	+1,255,378	--
Unobligated balance carried forward to next year	1,255,378	--	--	--
Total, available or estimate	9,000,000	12,240,000	-1,742,000	10,498,000

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination.

The 1990 program level of $12,240,000 is expected to bring 64,512 acres under 10-year agreements. This will be accomplished through the signing of approximately 576 agreements with land owners.

JUSTIFICATION OF DECREASE

A decrease of $1,742,000 for Water Bank Program 10-year agreements with landowners and operators ($12,240,000 available in fiscal year 1990).

Need for Change. Proposed legislation will provide landowners the option of receiving a one-time payment in exchange for a permanent easement. Producers may continue to enter into traditional 10-year WBP agreements on their wetlands or adjacent lands under existing law. A current law program level of $10.498 million will help achieve the Administration's wetlands protection and restoration objectives while a dual program will enable the Department to assess costs and producer acceptance of permanent easements under proposed legislation.

Nature of Change. The amount requested under current law represents budgetary assumptions regarding possible levels of participation in the two options. Many producers will be unwilling to sell permanent easements; it is desirable, therefore, to have the alternative of 10-year agreements to secure shorter term protection for high quality wetlands. The amount of Water Bank Program funds actually directed to 10-year agreements in fiscal year 1991 will be determined by producer participation under the dual program, since participants can choose either option within the total program level proposed for 1991. The fiscal year 1991 appropriation request under current law would provide for new 10-year agreements at acreage levels comparable to the fiscal year 1989 program.

The following table shows outlays for fiscal year 1989.

Water Bank Program
Fiscal Year 1989 Outlays by State

State	Outlays
Arkansas	$355,922
California	544,158
Louisiana	510,542
Maine	12,218
Michigan	34,316
Minnesota	1,646,699
Mississippi	614,919
Montana	196,965
Nebraska	169,094
North Dakota	2,858,210
South Dakota	1,131,927
Wisconsin	508,946
TOTAL	$8,583,916

Agricultural Stabilization and Conservation Service
Water Bank Program
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
Annual payments to landowners and operators.....	$10,498,000	--	$10,498,000
Payments for permanent conservation easements on wetlands and adjacent lands.....	--	+$2,295,000	2,295,000
Total Available.....	$10,498,000	+$2,295,000	$12,793,000

Explanation of Proposed Legislation

The Water Bank Program provides annual payments to producers who enter into 10-year contracts in which they agree to preserve eligible wetlands and adjacent lands. Legislation is being proposed to authorize program participants the option of receiving a one-time payment in exchange for a permanent easement on wetlands or adjacent lands, or they may continue to enter into 10-year agreements under current law. A dual program would enable the Department to assess the costs of and producer interest in permanent easements while ensuring that the Nation's wetlands continue to be preserved. This proposal would amend the Water Bank Act.

Water Bank Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Arkansas	$495,287	$600,010	--
California	548,087	689,772	--
Louisiana	689,342	800,192	--
Maine	903	19,440	--
Michigan	-11,185	34,723	--
Minnesota	2,022,851	2,582,416	--
Mississippi	653,398	1,017,010	--
Montana	127,547	376,273	--
Nebraska	191,954	286,037	--
North Dakota	3,105,651	3,970,307	--
South Dakota	714,119	2,433,192	--
Wisconsin	605,746	634,297	--
Undistributed	10,000	51,709	$12,793,000
Total, Available or Estimate	$9,153,700	$13,495,378	$12,793,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Emergency Conservation Program

[For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of Title IV of the Agricultural Credit Act of 1978 (16 U.S.C. 2201-2205), $10,000,000, to remain available until expended, as authorized by 16 U.S.C. 2204.]

The change deletes the appropriation language for the Emergency Conservation Program since no funds are proposed for fiscal year 1991.

Emergency Conservation Program

Appropriation Act, 1990		$10,000,000
Budget Estimate, 1991		--
Decrease in Appropriation		-10,000,000
Adjustments in 1990		
Appropriation Act	$10,000,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-73,000	
Adjusted base for 1990		9,927,000
Budget estimate, 1991		--
Decrease from adjusted 1990		-9,927,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Emergency cost-sharing and technical assistance to farmers	$9,927,000	-$9,927,000	--

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Decrease	1991 Estimated
Emergency cost-sharing and technical assistance to farmers	$5,000,000	$9,927,000	-$9,927,000	--
Total, available or estimate	5,000,000	9,927,000	-9,927,000	--
Gramm-Rudman-Hollings reduction	--	73,000		
Total, appropriation	5,000,000	10,000,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimate
Emergency cost-sharing and technical assistance to farmers	$6,514,926	$16,432,654	-$16,432,654	--
Unobligated balance brought forward from prior years .	-8,020,580	-6,505,654	+6,505,654	--
Unobligated balance carried forward to next year	6,505,654	--	--	--
Total, available or estimate	5,000,000	9,927,000	-9,927,000	--

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

Practice EC1. Removing debris from farmland, including farmsteads and roadways.

Practice EC2. Grading, shaping, releveling or similar measures to restore farmland.

Practice EC3. Restoring permanent fences.

Practice EC4. Restoring structures and other installations.

Practice EC5. Emergency wind erosion control measures.

Practice EC6. Drought emergency measures.

Practice EC7. Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASC county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations.

The 1990 program is expected to rehabilitate approximately 894,000 acres of farmland damaged by natural disaster.

JUSTIFICATION OF DECREASE

A decrease of $9,927,000 for Emergency Conservation Program payments for cost-sharing and technical assistance to farmers ($9,927,000 available in fiscal year 1990).

Need for Change. Future emergency needs cannot be predicted and will be addressed as necessary.

Nature of Change. The 1991 Budget proposes no funding for this program. Existing contracts for which funds were previously obligated would be honored.

The following tables show (a) outlays by State, fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-91.

Emergency Conservation Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$17,509
Arizona	13,640
Arkansas	60,626
California	136,664
Colorado	8,302
Florida	32,452
Georgia	400,839
Hawaii	57,293
Idaho	76,722
Illinois	652,500
Iowa	666,384
Kansas	14,061
Kentucky	601,905
Louisiana	370
Maine	16,861
Maryland	18,317
Michigan	5,700
Minnesota	245
Mississippi	-246
Missouri	756,023
Montana	1,130,841
Nebraska	170,476
Nevada	194,629
New Mexico	45,140
New York	28,538
North Carolina	77,473
North Dakota	73,144
Ohio	922,857
Oklahoma	23,382
Oregon	28,708
Pennsylvania	9,982
South Carolina	6,033
South Dakota	285,650
Tennessee	76,164
Texas	840,401
Utah	93,652
Vermont	116,277
Virginia	-1,304
Washington	118,553
West Virginia	106,156
Wisconsin	49
Wyoming	10,812
Undistributed	-42
TOTAL	$7,893,738

Emergency Conservation Program
Geographic Breakdown Of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	18,625	$333,015	--
Arizona	$13,640	23,360	--
Arkansas	60,626	--	--
California	83,730	395,978	--
Colorado	8,302	-2,880	--
Connecticut	0	12,500	--
Florida	57,772	147,568	--
Georgia	-147,863	44,500	--
Hawaii	102,035	212,607	--
Idaho	108,643	25,209	--
Illinois	787,159	431,646	--
Indiana	23,360	81,640	--
Iowa	585,278	699,761	--
Kansas	862	72,912	--
Kentucky	616,529	16,505	--
Louisiana	-650	542	--
Maine	8,850	8,184	--
Maryland	47,607	130,974	--
Massachusetts	0	1	--
Michigan	26,362	194,443	--
Minnesota	0	50,000	--
Missouri	897,960	559,095	--
Montana	322,770	706,701	--
Nebraska	407,860	494,549	--
Nevada	121,662	--	--
New Mexico	63,130	18,920	--
New York	39,700	32,100	--
North Carolina	159,341	1,084,676	--
North Dakota	87,672	111,563	--
Ohio	343,751	215,162	--
Oklahoma	85,136	14,380	--
Oregon	73,123	74,277	--
Pennsylvania	10,039	12,308	--
Puerto Rico	--	185,300	--
South Carolina	54,905	7,616,095	--
South Dakota	331,913	293,540	--
Tennessee	50,921	--	--
Texas	543,750	884,847	--
Utah	94,295	55,705	--
Vermont	118,913	66,087	--
Virgin Islands	--	303,000	--
Washington	199,800	368,700	--
West Virginia	58,750	7,397	--
Wyoming	48,710	8,752	--
Undistributed	-42	441,035	--
Total, Available or Estimate (includes SCS Technical Assistance)	$6,514,926	$16,432,654	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, $12,446,000, to remain available until expended, as authorized by that Act.

Forestry Incentives Program

Appropriation Act, 1990	$12,446,000
Budget Estimate, 1991	12,446,000
Change in Appropriation	--

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cost-sharing and technical assistance to landowners	$12,446,000	--	$12,446,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to landowners.	$12,446,000	$12,446,000	--	$12,446,000
Total, appropriation or estimate	12,446,000	12,446,000	--	12,446,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to landowners .	$12,294,702	$14,517,040	-$2,071,040	$12,446,000
Recovery of prior year obligations.....	-162,714	--	--	--
Unobligated balance brought forward from prior years .	-1,757,028	-2,071,040	+2,071,040	--
Unobligated balance carried forward to next year	2,071,040	--	--	--
Total, appropriation or estimate	12,446,000	12,446,000	--	12,446,000

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978. Its purpose is to encourage the development, management, and protection of nonindustrial, private forest lands to increase the production of timber and enhance other forest resources.

The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1990 program, cost-sharing and technical assistance totaling $12,446,000 will be provided to plant trees on approximately 165,000 acres and to improve timberstand on approximately 35,000 acres of forest.

The 1991 request of $12,446,000, the same as in 1990, will provide cost-sharing for tree planting on 159,300 acres and timberstand improvement on 33,650 acres.

The following tables show (a) outlays for fiscal year 1989 and (b) geographic breakdown of obligations for fiscal years 1989-91.

Forestry Incentives Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$901,879
Arizona	683
Arkansas	704,359
California	56,459
Colorado	7,764
Connecticut	5,220
Delaware	59,711
Florida	1,061,878
Georgia	1,355,829
Idaho	27,584
Illinois	21,406
Indiana	61,383
Iowa	27,336
Kansas	1,947
Kentucky	82,343
Louisiana	679,430
Maine	51,878
Maryland	109,403
Massachusetts	51,099
Michigan	77,882
Minnesota	28,127
Mississippi	1,058,142
Missouri	45,198
Nebraska	293
New Hampshire	37,181
New Jersey	-25
New Mexico	2,384
New York	73,775
North Carolina	622,084
Ohio	131,892
Oklahoma	54,283
Oregon	466,496
Pennsylvania	50,192
Puerto Rico	14,364
Rhode Island	409
South Carolina	871,174
South Dakota	11,055
Tennessee	134,523
Texas	632,994
Vermont	17,067
Virginia	793,771
Washington	341,031
West Virginia	63,283
Wisconsin	127,802
Wyoming	96,432
Undistributed	1,129,396
ASCS, Subtotal	12,148,795
FS Technical Assistance	1,245,000
TOTAL	$13,393,795

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$878,999	$977,135	$910,000
Alaska	12,415	11,585	10,000
Arizona	3,718	16,027	4,000
Arkansas	708,734	759,203	712,000
California	5,891	315,688	79,000
Colorado	-49,411	42,544	11,000
Connecticut	1,116	31,030	3,000
Delaware	61,853	74,147	68,000
Florida	1,252,401	1,145,982	1,050,000
Georgia	1,324,156	1,517,937	1,405,000
Idaho	7,314	85,255	35,000
Illinois	33,288	94,339	29,000
Indiana	76,271	110,558	72,000
Iowa	42,190	45,757	42,000
Kansas	83	18,983	3,000
Kentucky	77,433	87,281	74,000
Louisiana	695,835	670,469	671,000
Maine	31,699	52,784	44,000
Maryland	157,667	128,333	124,000
Massachusetts	33,191	49,753	41,000
Michigan	88,477	91,997	85,000
Minnesota	-4,146	237,287	66,000
Mississippi	793,234	801,565	792,000
Missouri	13,357	95,562	45,000
Montana	13,502	20,051	6,000
Nebraska	-2,437	39,074	3,000
Nevada	-8,588	3,000	3,000
New Hampshire	68,231	44,514	36,000
New Jersey	340	25,328	--
New Mexico	-526	35,107	3,000
New York	39,981	109,470	66,000
North Carolina	683,037	715,365	651,000
Ohio	102,040	213,100	150,000
Oklahoma	102,279	114,809	75,000
Oregon	533,392	504,465	491,000
Pennsylvania	76,413	153,509	67,000
Puerto Rico	4,128	68,139	26,000
Rhode Island	4,891	11,536	3,000
South Carolina	1,077,447	1,050,500	1,149,000
South Dakota	17,989	17,850	16,000
Tennessee	134,295	132,649	117,000
Texas	526,988	599,374	557,000
Vermont	21,391	17,550	17,000
Virginia	813,784	815,532	765,000
Washington	360,178	360,568	355,000
West Virginia	65,593	54,972	59,000
Wisconsin	106,484	346,220	158,000
Wyoming	40,489	12,990,492	53,000
Undistributed	-124	281,548	--
ASCS, Subtotal	11,026,962	13,272,040	11,201,000
FS Technical Assistance	1,267,740	1,245,000	1,245,000
Total, Available or Estimate	$12,294,702	$14,517,040	$12,446,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

Rural Clean Water Program

Appropriation Act, 1990	--
Budget Estimate, 1991	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Cost-sharing and technical assistance to farmers	$57,389	$2,557,806	-$2,557,806	--
Recovery of prior year obligations	-2,381,688	--	--	--
Unobligated balance brought forward from prior years .	-233,507	-2,557,806	+2,557,806	--
Unobligated balance carried forward to next year	2,557,806	--	--	--
Total, appropriation or estimate	--	--	--	--

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agree to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials (nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, dissolved solids, etc.). Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding is provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals is used to project future budgetary requirements.

Activities represented in the 1991 Budget require no additional funding. Projects have been fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1989, (b) geographic breakdown of obligations for fiscal years 1989-1991, and (c) estimated costs by project.

Rural Clean Water Program
Fiscal Year 1989 Outlays by State

State	Outlays
Alabama	$61,262
Delaware	26,202
Florida	236,646
Idaho	480,150
Illinois	174,477
Iowa	35,385
Kansas	130,870
Kentucky	24,451
Louisiana	165,090
Maryland	354,799
Massachusetts	39,737
Michigan	105,471
Minnesota	320,728
Nebraska	198,239
Oregon	266,285
Pennsylvania	533,976
South Dakota	219,342
Tennessee	197,216
Utah	48,155
Vermont	387,577
Virginia	164,769
Wisconsin	59,460
Undistributed	-90,007
TOTAL	$4,140,280

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	-50,000	-17,747	--
Delaware	-130,000	60,100	--
Florida	--	714,000	--
Idaho	--	-12,923	--
Illinois	-52,162	-25,133	--
Iowa	-87,690	--	--
Kansas	--	--	--
Kentucky	-15,000	-36,817	--
Louisiana	-75,000	-815,000	--
Maryland	-1,550,374	262,019	--
Massachusetts	-15,000	--	--
Michigan	--	138,183	--
Minnesota	--	334,817	--
Nebraska	--	-5,155	--
Oregon	--	163,000	--
Pennsylvania	--	339,500	--
South Dakota	--	149,236	--
Tennessee	-16,367	69,042	--
Utah	--	--	--
Vermont	--	49,500	--
Virginia	-231,995	--	--
Wisconsin	-100,000	-160,007	--
Undistributed	2,380,977	1,351,191	--
Total, Available or Estimate	$57,389	$2,557,806	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

Rural Clean Water Program Projects

Project	Location	Estimated Costs 1/	Status
Lake Tholocco	Alabama	$1,832,528	Implemented in 1980. 80% of its critical acres and 95% of its best management practice (BMP) funds are under contract.
Appoquinimink	Delaware	936,060	Implemented in 1980. 87% of its critical acres and 99% of its BMP funds are under contract.
Taylor Creek-Nubbin Slough/ Lower Kissimmee River	Florida	2,958,460	The Taylor Creek-Nubbin Slough project was implemented in 1981. 87% of its critical acres and 98% of its BMP funds are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres and 62% of its BMP funds are under contract.
Rock Creek	Idaho	5,280,326	Implemented in 1980. 73% of its critical acres and 90% of its BMP funds are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,954,352	Implemented in 1980. 82% of its critical acres and 94% of its BMP funds are under contract. A CM&E project.
Prairie Rose Lake	Iowa	708,866	Implemented in 1980. 97% of its critical acres and 83% of its BMP funds are under contract.
Upper Wakarusa	Kansas	2,176,219	Implemented in 1980. Has been terminated.
Reelfoot Lake	Kentucky	928,257	Implemented in 1980. 64% of its critical acres and 90% of its BMP funds are under contract.
Bonne Idee	Louisiana	4,355,614	Implemented in 1980. 75% of its critical acres and 88% of its BMP funds are under contract.
Double Pipe Creek	Maryland	4,948,810	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.

Project	Location	Estimated Costs	Status
Westport River	Massachusetts	708,117	Implemented in 1981. 67% of its critical acres and 88% of its BMP funds are under contract.
Saline Valley	Michigan	2,812,326	Implemented in 1980. 32% of its critical acres and 98% of its BMP funds are under contract.
Garvin Brook	Minnesota	2,546,632	Implemented in 1981. 42% of its critical acres and 100% of its BMP funds are under contract.
Long Pine Creek	Nebraska	2,433,904	Implemented in 1981. 79% of its critical acres and 77% of its BMP funds are under contract.
Tillamook Bay	Oregon	5,474,621	Implemented in 1981. 98% of its critical acres and 99% of its BMP funds are under contract.
Conestoga Headwaters	Pennsylvania	4,082,764	Implemented in 1981. 40% of its critical acres and 84% of its BMP funds are under contract. A CM&E project.
Oakwood-Lake Poinsett	South Dakota	3,603,127	Implemented in 1981. 56% of its critical acres and 60% of its BMP funds are under contract. A CM&E project.
Reelfoot Lake	Tennessee	4,388,160	Implemented in 1980. 58% of its critical acres and 99% of its BMP funds are under contract.
Snake Creek	Utah	411,975	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
St. Albans Bay	Vermont	5,043,155	Implemented in 1980. 75% of its critical acres and 99% of its BMP funds are under contract. A CM&E project.

Project	Location	Estimated Costs	Status
Nansemond-Chuckatuck	Virginia	2,118,598	Implemented in 1981. 75% of its critical acres and 92% of its BMP funds are under contract.
Lower Manitowoc	Wisconsin	2,295,308	Implemented in 1980. 57% of its critical acres and 88% of its BMP funds are under contract.
Subtotal		63,998,179	
Technical Assistance, National Association of Conservation Districts		1,821	
	TOTAL	$64,000,000	

1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation.

Conservation Reserve Program

Available Funds, 1989 Actual and Estimated 1990 and 1991

Item of Change	1989 Actual	1990 Estimated	1991 Estimated
Appropriation:			
Annual rental payments	$1,162,064,235	$1,455,587,000	$2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	191,908,000
Technical assistance	27,884,908	8,200,000	--
Transfers to other accounts	61,461,000 a/	--	--
Appropriation rescinded.....	75,000,000 b/	--	--
Add:			
Change in unobligated balance	+355,334,493	-754,344,000	-375,568,266
Total appropriation	1,864,000,000	1,010,978,000	1,878,038,000
Less:			
Transfer to other accounts...	-61,461,000	--	--
Appropriation rescinded.....	-75,000,000	--	--
Adjusted appropriation.....	$1,727,539,000	$1,010,978,000	$1,878,038,000

Reconciliation of Program Level to Appropriation

Item of Change	1989 Actual	1990 Estimated	1991 Estimated
Annual rental payments for prior year contracts:			
Cash.....	$1,162,064,235	$1,455,587,000	$2,061,698,266
CCC commodity certificates..	-13,508,706 c/	--	--
Total rental payments	1,148,555,529	1,455,587,000	2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	191,908,000
Technical assistance	27,884,908	8,200,000	--
Total program level	1,358,695,801	1,765,322,000	2,253,606,266
Add:			
Adjustment for CCC commodity certificates	13,508,706 c/	--	--
Change in unobligated balance	+355,334,493	-754,344,000	-375,568,266
Adjusted appropriation.....	$1,727,539,000	$1,010,978,000	$1,878,038,000

a/ Reflects funds transferred to the Soil Conservation Service for technical assistance related to Food Security Act of 1985 conservation activities, in accordance with P.L. 100-460, the Agriculture Appropriations Act for fiscal year 1989.

b/ The fiscal year 1989 Dire Emergency Supplemental Appropriations Act, P.L. 101-45, rescinded $75,000,000 of the fiscal year 1989 CRP appropriation.

c/ Reflects accounting adjustments to prior year rental payments issued in certificates. This adjustment did not affect the 1989 program even though it was recorded in that year.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [$1,010,978,000] $1,878,038,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, for annual rental payments provided in such contracts, and for technical assistance: Provided, That none of the funds in this Act may be used to enter into new contracts that are in excess of the prevailing local rental rates for an acre of comparable land.

Conservation Reserve Program

Appropriation Act, 1990	$1,010,978,000
Budget Estimate, 1991	1,878,038,000
Increase in Appropriation	+867,060,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Annual rental payments, cost-sharing, and technical assistance to farmers	$1,010,978,000	+$867,060,000	$1,878,038,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	199 Estimated	Increase	1991 Estimated
Annual rental payments, and cost-sharing and technical assistance to farmers	$1,727,539,000	$1,010,978,000	+$867,060,000	$1,878,038,000
Total, appropriation or estimate	1,727,539,000	1,010,978,000	+867,060,000	1,878,038,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Annual rental payments	$1,162,064,235a/	$1,455,587,000	+$606,111,266	$2,061,698,266
Cost-sharing assistance	182,255,364	301,535,000	-109,627,000	191,908,000
Technical assistance	27,884,908	8,200,000	-8,200,000	--
Total, program level	1,372,204,507	1,765,322,000	488,284,266	2,253,606,266
Unobligated balance brought forward from prior years	-794,282,776	-1,149,617,269	+754,344,000	-395,273,269
Unobligated balance carried forward to next year	1,149,617,269	395,273,269	-375,568,266	19,705,003
Total, appropriation or estimate	1,727,539,000	1,010,978,000	+867,060,000	1,878,038,000

a/ Excludes a $13.5 million credit adjustment for annual rental payments paid in prior fiscal years with CCC commodity certificates.

EXPLANATION OF PROGRAM

The Conservation Reserve Program was established as a voluntary program to help farmers prevent or control critical soil erosion and to protect environmentally sensitive cropland. The Reserve also helps adjust the production of some surplus agricultural commodities.

The objectives of the Conservation Reserve Program (CRP) are to conserve and improve soil and water resources by establishing permanent cover on up to 45 million acres of highly erodible cropland, and to curb the production of surplus commodities by taking eligible land out of production. Program participants sign a 10-year contract agreeing to establish permanent cover of perennial grass, wildlife cover, or trees and to make a proportionate reduction in their program base acreage. In return, USDA provides annual rental payments, in cash or commodities, and provides cost-share assistance to cover half the cost of establishing the permanent cover.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on highly erodible cropland and environmentally sensitive land. It is administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers decide what highly erodible cropland or environmentally sensitive cropland to offer for the reserve and submit bids on the amount they would accept as an annual rental payment for a 10-year period. Farmers whose bids are accepted then enter into a 10-year contract with CCC to take eligible land out of annual crop production and put it into vegetative cover. In addition, farmers receive a one-time payment of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

In fiscal years 1988, 1989, and 1990, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985 provides authority to enter into CRP contracts through the 1990 crop year. Appropriations will be requested annually to make payments through fiscal year 2000.

The Food Security Act establishes the following participation levels:

- o crop year 1986: 5-45 million acres
- o crop year 1987: 15-45 million acres, cumulative
- o crop year 1988: 25-45 million acres, cumulative
- o crop year 1989: 35-45 million acres, cumulative
- o crop year 1990: 40-45 million acres, cumulative.

1990 Program

1. Program Participation. During fiscal year 1990, the program is expected to enroll approximately 6.0 million additional acres of highly erodible cropland. These 1990 crop acres, together with the 4.1 million 1990 crop acres enrolled in fiscal year 1989, would bring crop year 1990 enrollment to approximately 10.1 million acres. This participation level during fiscal year 1990 would meet the minimum enrollment requirement of 40 million acres established by the Act.

2. Eligibility. To be eligible to enter a CRP contract, an applicant must:

   -- be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands.

   -- own or operate eligible cropland that

      - o has been planted to an agricultural commodity in at least two of the five years 1981 through 1985.

      - o meets the definition of highly erodible land announced by the Secretary for CRP purposes, or be adjacent to certain specified types of waterbodies, or a cropped wetland.

-- implement an approved conservation plan.

-- refrain from grazing or harvesting any crops from the land enrolled in CRP.

-- reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.

3. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments due in fiscal year 1990 for crop years 1986, 1987, 1988, and 1989 rental agreements were made in late October 1989, and were paid entirely in cash.

4. Cover Practices. Farm owners and operators receive one-time cost-sharing payments for 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

5. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligiblility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees.

6. New Conservation Measures. Under the Disaster Assistance Act of 1989, owners or operators were authorized to hay or graze during the 1989 crop year, on designated CRP acreage. Those whose fiscal year 1989 CRP annual rental payment was reduced and those who prepaid the payment reduction for the emergency use of CRP acres are now eligible for CRP cost-share assistance of 50 percent of the cost of carrying out new designated conservation practices. Approved practices must be completed on or before September 30, 1990.

JUSTIFICATION OF INCREASE

An increase of $867,060,000 in appropriation for estimated expenditures for annual rental payments and cover costs due in fiscal year 1991 ($1,010,978,000 available in fiscal year 1990).

Need for Change. In order to make payments for commitments incurred by the Federal Government under Conservation Reserve Program contracts, in accordance with the provisions of the Food Security Act of 1985, funds are needed to make program payments due in fiscal year 1991 only. These funds would be used to make all cash payments for establishing vegetative cover and making annual rental payments coming due in fiscal year 1991. The increased 1991 appropriation request is larger than the increase in 1991 estimated program costs due to a significantly lower unobligated funds balance available for use in 1991.

The 1991 appropriation request and the estimated unobligated balance available would fund approximately $192 million in cover costs which would be payable in fiscal year 1991 on previously enrolled crop acres and projected annual rental payments of $2.062 billion due in fiscal year 1991 on 1986, 1987, 1988, 1989, and 1990-crop acres. Total program payments in fiscal year 1991 are based on a 40 million acre enrollment, as authorized by the Food Security Act of 1985. The provisions of the Act direct that not less than 40 million acres nor more than 45 million acres be enrolled during the 1986 through 1990 crop years.

The decrease in cover costs of almost $110 million in fiscal year 1991 is due to a revised cost distribution pattern which now projects outlays for crop year cover costs over a period of five fiscal years rather than three, lower payment rates, and the fact that more cover will be established in fiscal year 1990 to compensate for lower than anticipated cover costs in fiscal year 1989 due to 1989 crop drought conditions. The estimated increase of $606 million in rental payments, from $1.456 billion in fiscal year 1990 to $2.062 billion in fiscal year 1991, is due to new rental payments on the estimated 10.1 million 1990-crop acres that will be due for the first time in fiscal year 1991.

Nature of Change. The fiscal year 1991 appropriation request of $1.878 billion, together with the estimated $395.3 million in unobligated balances brought forward from fiscal year 1990, would provide: $192 million for cost-sharing practices to establish cover on acres in fiscal year 1991, and $2.062 billion for cash rental payments for 1986, 1987, 1988, 1989, and 1990-crop acreage contracts signed during fiscal years 1986, 1987, 1988, 1989, and 1990. No CCC commodity certificates were used to pay rental payments in fiscal year 1990 and none are proposed in fiscal year 1991.

The fiscal year 1991 appropriation request would continue to support the CRP objectives of conserving the nation's soil and water resources by keeping highly erodible, marginally productive cropland out of production and improving wildlife habitat.

The following table shows actual CRP enrollment through fiscal year 1989 and additional enrollment for fiscal year 1990 which would be financed by this budget request (in millions of acres):

Crop Year	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Estimated FY 1990	Crop Ye Total
1986	2.04	--	--	--	--	2.04
1987	6.19	7.48	--	--	--	13.67
1988	--	6.44	2.32	--	--	8.76
1989	--	--	3.66	1.69	--	5.35
1990	--	--	--	4.10	6.08	10.18
Total	8.23	13.92	5.98	5.79	6.08	40.00

Conservation Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1989 and Estimated Fiscal Years 1990 and 1991

State	1989 Actual	1990 Estimated	1991 Estimated
Alabama	$21,573,083	$27,790,179	
Alaska	1,014,542	1,116,244	
Arizona	(4,700)	0	
Arkansas	8,851,042	13,102,004	
California	7,465,897	8,729,010	
Colorado	76,868,502	94,627,143	
Connecticut	0	0	
Delaware	41,711	93,827	
Florida	4,572,224	6,242,038	
Georgia	22,686,705	35,249,749	
Guam	0	0	
Hawaii	0	6,800	
Idaho	30,822,442	37,451,426	
Illinois	31,278,956	46,801,325	
Indiana	16,432,004	25,790,131	
Iowa	121,533,505	154,517,550	
Kansas	136,015,516	182,437,132	
Kentucky	21,736,338	25,282,474	
Louisiana	4,107,765	5,857,197	
Maine	1,634,244	2,204,591	
Maryland	660,062	1,294,172	
Massachusetts	675	1,520	
Michigan	7,977,520	11,389,947	
Minnesota	87,559,144	105,714,410	
Mississippi	24,503,859	30,963,297	
Missouri	84,395,318	99,098,548	
Montana	81,608,087	111,659,129	
Nebraska	61,470,686	78,272,085	
Nevada	128,976	84,580	
New Hampshire	0	0	
New Jersey	19,692	30,524	
New Mexico	18,825,911	20,385,243	
New York	2,521,279	3,307,592	
North Carolina	5,697,747	7,739,653	
North Dakota	69,724,096	107,803,898	
N. Mariana Islands	0	0	
Ohio	10,122,409	15,898,631	
Oklahoma	42,488,969	53,022,850	
Oregon	25,585,397	28,161,227	
Pennsylvania	3,711,711	5,451,496	
Puerto Rico	23,567	22,349	
Rhode Island	0	0	
South Carolina	9,815,187	13,439,213	
South Dakota	43,367,847	70,611,455	
Tennessee	20,123,487	25,427,524	
Texas	139,587,644	179,939,693	
Utah	9,087,030	10,131,502	
Vermont	11,507	9,370	
Virginia	2,841,251	4,101,641	
Virgin Islands	0	0	
Washington	47,484,848	55,816,515	
West Virginia	28,065	34,382	
Wisconsin	29,337,938	39,473,278	
Wyoming	8,862,995	10,537,453	
Undistributed	116,919	0	2,253,606,266
ASCS Subtotal	1,344,319,599	1,757,122,000	2,253,606,266
SCS Tech. Assistance	25,756,851	6,100,000	0
FS Tech. Assistance	2,128,057	2,100,000	0
Total, Available or Estimate	$1,372,204,507	$1,765,322,000	$2,253,606,266

Note: Negative amount represents an accounting error which will be corrected in FY 1990.

PASSENGER MOTOR VEHICLES

The 1991 Budget Estimates propose the purchase of four passenger motor vehicles to replace agency-owned venicles which are used primarily by the ASCS County Executive Directors in Puerto Rico and Hawaii. Because of the mountainous areas, a great number of farms cannot be reached by paved roads and access to such farms is mainly dirt roads or paths. During the rainy seasons, such farms are inaccessible except to four-wheel drive vehicles. Even under favorable conditions in Puerto Rico and Hawaii, jeeps are needed to reach the fields on individual farms.

Without adequate vehicles, essential farmer contact necessitated by program requirements cannot be maintained by the ASCS county offices.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1989, are as follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage (thousands)	Number of Vehicles	Percent of Total
1985 Jeep (CJ-7)	4	57	40-60	4	57
1988 Jeep (Cherokee)	1	14	40-60	1	14
1989 Jeep	2	29	40-60	2	29
TOTAL	7	100	TOTAL	7	100

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; a conservation reserve program; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 4(a) of the Food for Peace Act of 1966, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 4(b) of the Food for Peace Act of 1966, as amended, to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under its charter authority to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of $100 million held by the United States, with the authority to have outstanding borrowings of up to $30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to $25 billion from $20 billion, to the extent provided in appropriation acts. The fiscal year 1982 supplemental appropriation act, P.L. 97-257, increased the availability to $25 billion. The fiscal year 1988 appropriation act, P.L. 100-202, increased the statutory borrowing authority to $30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriation Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations

Reimbursement for net realized losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

Operating Expenses

Under Public Law 100-202, enacted December 22, 1987, CCC was provided an appropriation for Operating Expenses in fiscal year 1988 in lieu of the long-standing appropriation for Net Realized Losses. The appropriation was subdivided into specific spending authorizations for 17 individual CCC programs and activities, and included authority to transfer up to 7 percent of the amount available for any program to any other program in accordance with existing law. The fiscal year 1989 and fiscal year 1990 appropriations were made on a net realized loss basis.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

The fiscal year 1988 appropriation act, P.L. 100-202, provided that $126,108,000 of the CCC Operating Expenses appropriation be used for expenditures of the wool program. These advance wool funds were applied to fiscal year 1988 expenditures and reduced the amount which was appropriated under Section 705 in fiscal year 1989.

Available Funds: 1989 Actual and Estimated 1990 and 1991

Item	1989 Actual	1990 Estimated	1991 Estimated
Commodity Credit Corporation:			
Support and related programs:			
Reimbursement for net realized losses.....	$8,828,286,000	$4,233,000,000	$6,100,000,000 a/
Operating expenses.....	---	---	---
Total support and related...	8,828,286,000	4,233,000,000	6,100,000,000
Reimbursement to CCC, National Wool Act.....	4,527,000	93,485,000	121,316,000
Total Commodity Credit Corporation	$8,832,813,000	$4,326,485,000	$6,221,316,000

a/ Proposed to be reimbursed through current, indefinite appropriation.

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

(thousands of dollars)

		1989	1990	1991
22	Transportation of things.....	$377,249	$342,720	$374,967
25	Other services.....	948,043	734,121	752,781
	Storage and handling (including producer storage payments).....	1,068,193	685,241	494,312
26	Supplies and materials (cost of commodities sold or donated):			
	Foreign Assistance Programs.....	1,326,680	1,264,320	1,169,540
	Other.....	3,873,923	2,230,773	3,209,179
31	Equipment.....	19,503	40,500	42,100
33	Investments and loans.....	7,072,177	6,883,918	7,454,272
41	Grants, subsidies, and contributions	10,674,790	6,794,213	10,351,785
43	Interest and dividends.....	1,013,413	573,417	555,019
	Total obligations.....	26,373,971	19,549,223	24,403,955

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

Reimbursement For Net Realized Losses:

1 For fiscal year [1990] 1991, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not
2 previously reimbursed [(estimated to be $4,800,000,000 in the President's fiscal year 1990 Budget Request (H. Doc. 101-4)), but not to exceed $4,233,000,000], pursuant to Section 2 of the Act of August 17, 1961, as amended (15 U.S.C. 713a-11).

3 [Such funds are appropriated to reimburse the Corporation to restore losses incurred during prior fiscal years. Such losses for fiscal years 1988 and 1989 include $1,969,000,000 in connection with carrying out the Export Enhancement Program (EEP), $264,000,000 in connection with carrying out the Targeted Export Assistance Program (TEA), $1,500,000,000 in connection with carrying out the Federal Crop Insurance Program, and $31,831,000,000 in connection with carrying out the commodity programs.]

Short-Term Export Credit:

4 The Commodity Credit Corporation shall make available not [less] more than $5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 1125(b) of the Food Security Act of 1985 (Public Law 99-198).

Intermediate Export Credit:

5 The Commodity Credit Corporation shall make available not [less] more than $500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 1131(3)(B) of the Food Security Act of 1985 (Public Law 99-198).

The first change updates the fiscal year designation of the current, indefinite appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite appropriation authority. The ceiling limits the flexibility CCC would otherwise have to request funds as needed from the Treasury to avoid operating disruptions due to a lack of sufficient funds.

The third change deletes language which applied to the fiscal year 1990 appropriation. The CCC appropriation is used to reimburse losses incurred in connection with all CCC support and related activities. Therefore, the 1990 language which identifies specific program losses for reimbursement is unnecessary.

The fourth change is proposed to eliminate the floor for the short-term export credit guarantee program and establish the maximum program level at $5,000,000,000.

The fifth change is proposed to eliminate the floor for the intermediate-term export guarantee program and establish the maximum guarantee program level at $500,000,000.

Reimbursement for Net Realized Losses

Appropriation Act, 1990	$4,233,000,000
Budget Estimate, 1991	$6,100,000,000
Increase in Appropriation	+1,867,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated	Change	1991 Estimated
Reimbursement of losses:			
Balance of 1988 actual losses	$1,566,828,000	-$1,566,828,000	---
1989 actual losses	2,666,172,000	+1,569,331,000	$4,235,503,000
1990 estimated losses	---	+1,864,497,000	1,864,497,000
			a/
TOTAL AVAILABLE	$4,233,000,000	+$1,867,000,000	$6,100,000,000

PROJECT STATEMENT
(On basis of appropriation)

Item	1989 Actual	1990 Estimated	Increase	1991 Estimated
Reimbursement of losses:				
Appropriation.	$8,828,286,000	$4,233,000,000	+$1,867,000,000	$6,100,000,000 a/

a/ Proposed to be reimbursed through current, indefinite appropriation.

EXPLANATION OF PROGRAM

USDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector so that farmers and ranchers can earn a fair rate of return in the market place; and thereby assure supplies of agricultural products which are adequate to meet domestic and export demand at reasonable prices to consumers.

The primary objective is to achieve this goal through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.

   1. Its functions are performed primarily by ASCS employees.

   2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.

   3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Title II of P.L. 480.

   4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

      Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

B. CCC operations are unique in many ways.

   1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.

   2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

a. Buying	d. Donating	g. Transporting
b. Selling	e. Lending	h. Making payments
c. Bartering	f. Storing	i. Other activities

   3. The major activity is support of prices as required or authorized by existing law.

      a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.

c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.

4. CCC has no control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.

5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.

6. The President's Budget estimates incorporate changes mandated by the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), which are designed to reduce CCC expenditures for the 1990 crops and other CCC-administered programs. Mandatory reductions for 1990 crop wheat, feed grains, cotton and rice deficiency payments are also included. For 1990 crop feed grains, the Act provides for a more flexible acreage limitation program based on projected corn stocks. In fiscal year 1990 a $200.0 million program is required for the Targeted Export Assistance Program and bonus payments under the Export Enhancement Program are limited to $566.0 million. Producers may plant up to 25 percent of their permitted 1990 crop feed grain, wheat, cotton and rice acreage to soybeans, safflowers or sunflowers.

As a result of the Omnibus Budget Reconciliation Act of 1989, the President issued a fiscal year 1990 Gramm-Rudman-Hollings deficit reduction sequester order requiring a 1.4 percent sequester applicable to non-defense programs. The Reconciliation Act provisions, in conjunction with the 1.4 percent sequester effective for the 1990 crops, are expected to achieve CCC outlay reductions of $550 million of which about $150 million is related to the sequester reduction. Reductions of 1.4 percent will apply to cash payments to producers, cooperatives, and associations for 1990 crop commodity loans, deficiency and loan deficiency payments for 1990 crops, and to any 1990 crop certificates that producers redeem for cash. To comply with the 1.4 percent reduction, CCC also implemented an assessment of 6.3 cents per hundredweight on all milk marketed for commercial use during the month of January 1990 only.

7. Conservation Reserve Program

Up to 45 million acres of highly erodible cropland are authorized for protection under the Conservation Reserve Program (CRP). In exchange for

entering land into the reserve, program participants receive annual rental payments in cash or CCC certificates, based on accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

To facilitate program implementation, use of the funds and facilities of CCC was authorized for fiscal years 1986 and 1987. Beginning in fiscal year 1988, the services and facilities of CCC will continue to be used, but appropriations are provided to CCC in advance to carry out the program. Under the Food Security Act, authority is provided to CCC to enter into CRP contracts through fiscal year 1990.

Additional details on the fiscal years 1988 through 1991 programs, which are funded by a separate CRP appropriation advanced to the CCC, as required by law, are provided under the fiscal year 1991 CRP request elsewhere in these Notes.

8. There are several characteristics of CCC operations which are important in analyzing its budget problems and processes.

   a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.

   b. CCC operations involve the handling of millions of documents and transactions during a 12-month period.

   c. CCC workload cannot be deferred. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.

   d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.

   e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.

   f. Trade customs and practices with respect to individual commodities must be observed in operations.

   g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by delivery of the commodity to CCC at maturity of the loans.

   h. CCC operations are big:

      (1) The Corporation has an authorized capital stock of $100 million held by the United States and authority to have outstanding borrowings of up to $30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.

(2) Its commodity loans and purchases in fiscal year 1989 amounted to $9.3 billion. $1.1 billion of total purchases was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled $3.5 billion of which $2.6 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of $4.9 billion and owned commodities with a cost value of $3.8 billion on September 30, 1989.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees for up to 3-year credit terms payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial as well as noncommercial risks. In fiscal year 1983, CCC instituted the blended credit program which provides for up to 3-year credit terms on a combination of interest-free direct credit under the Export Credit Sales Program (GSM-5) and credit guarantees under the Export Credit Guarantee Program (GSM-102). In fiscal year 1986, an intermediate export credit guarantee program was authorized by the Food Security Act of 1985 for which CCC guarantees exports with credit terms up to 10 years (GSM-103).

Total commitments in fiscal year 1989 were $2.764 billion for the GSM-102 program and $453.6 million for the GSM-103 program. As required by the Food Security Act of 1985, the program level for fiscal year 1990 is established at $5 billion for the short-term export credit guarantee program (GSM-102) and $500 million for the intermediate export credit guarantee program (GSM-103).

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC provides direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There was no direct credit program in fiscal year 1989 and none is planned for fiscal years 1990 and 1991.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1991, in the current law baseline, are estimated at $11.7 billion, up $3.5 billion from a level of $8.2 billion in fiscal year 1990.

These increased expenditures in fiscal year 1991 are due to a combination of higher production levels, as producers recover from the 1988 and 1989 droughts and increased 1991 crop cash deficiency payments. In the absence of legislation applying to the 1991 crop, the President's Budget assumes target prices which are the same as those in effect for the 1990 crop and result in projected higher cash deficiency payments. In order to help reduce the Federal deficit, the budget proposes a reduction in fiscal year 1991 outlays of $1.5 billion below the "frozen" target prices baseline. The following table shows CCC net expenditures by commodity or program for fiscal years 1989 through 1991.

COMMODITY CREDIT CORPORATION

FISCAL YEAR 1991 PRESIDENT'S BUDGET

FY 1989 ACTUAL, FY 1990 AND FY 1991 ESTIMATED EXPENDITURES

(thousands of dollars)

Item	FY 1989 ACTUAL	FY 1990 ESTIMATED	FY 1991 ESTIMATED
Corn	$2,862,766	$3,815,288	$5,380,344
Grain Sorghum	466,773	511,360	627,481
Barley	45,505	-57,696	83,370
Oats	852	-6,548	939
Corn Products	8,163	7,546	6,346
Oat Products	-24	60	54
Feed Grains and Products	(3,384,035)	(4,270,010)	(6,098,534)
Wheat and Products	53,114	522,395	2,061,190
Rice	631,305	616,363	673,226
Upland Cotton	1,461,115	-241,783	709,999
Tobacco	-366,993	-307,041	-137,843
Honey	41,720	68,759	43,975
Dairy	679,183	482,552	616,876
Soybeans	-86,092	235,560	51,866
Sugar	-25,377	---	---
Peanuts	13,312	-5,903	3,271
Export Guarantee Program	-108,141	128,960	104,999
Short-Term & Intermediate Export Credit	-961	-34,739	-45,714
Storage Facility	-11,075	-11,811	-1,668
Interest	64,953	609,363	262,010
CCC Operating Expenses	627,912	633,874	641,266
Change in Working Capital	-519,323	500,000	500,000
Livestock Assistance (Cash)	525,799	88,543	---
Forage and Tree Assistance Programs (1988 and 1989 Disaster)	6,780	1,800	---
Crop Disaster Assistance	3,385,946	6,000 1/	---
All Other	672,443	489,354	36,658
Subtotal, Support and Related	10,429,655	8,052,256	11,618,645
Wool	93,485	121,316	120,229
TOTAL Net Expenditures, CCC	10,523,140	8,173,572	11,738,874
Farm program proposed savings	---	---	-1,500,000
Adjusted TOTAL Net Expenditures, CCC	10,523,140	8,173,572	10,238,874

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

1/ Benefits to farmers under the Disaster Assistance Act of 1989 are being paid in generic certificates and are not recorded directly as disaster assistance outlays.

Deficiency, Diversion and Disaster Payments

In fiscal year 1989 direct payments to producers totaled $11,177.2 million, a decrease of $1,275.6 million from payments issued in fiscal year 1988. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1989, as authorized by the Food Security Act of 1985. Estimated payments for fiscal year 1990 also include both cash and certificate payments. Estimated payments for fiscal year 1991 are in cash only.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1989 through 1991.

COMMODITY CREDIT CORPORATION

Deficiency, Diversion and Disaster Payments Made in Cash and Certificates

Fiscal Years 1989-1991

(thousands of dollars)

	FY 1989 Actual			FY 1990 Estimate			FY 1991 Estimate		
	Cash	Certificates	Total	Cash	Certificates	Total	Cash	Certificates	Total
Deficiency Payments.....	$5,798,288	$1,951,767	$7,750,055	$4,520,257	$125,876	$4,646,133	$8,444,563	---	$8,444,563
Diversion Payments.....	-1,072	20,015	18,943	-121	11,317	11,196	---	---	---
Disaster Payments:									
1986 crop and prior	3,502	796	4,298	---	---	---	---	---	---
1988 crop year	3,385,650	---	3,385,650	1,000	---	1,000	---	---	---
1989 crop year	296	17,974	18,270	5,000	994,730	999,730	---	---	---
Total.....	9,186,664	1,990,552	11,177,216	4,526,136	1,131,923	5,658,059	8,444,563	---	8,444,563

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a nationwide network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditionally hand prepared forms and documents.

Most farm and producer data are currently maintained on county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers.

Through the departmental communications network, summary data is transmitted to ASCS State office where it is used for program management and oversight purposes. State offices further summarize this information for transmission to the Kansas City Management Office. Some of this accounting and administrative information will be transmitted to Washington Headquarters Management Information Systems (MIS) and Executive Information Systems data bases. These data bases will be designed and maintained as a shared information resource for ASCS and the Foreign Agricultural Service (FAS), and will include information relative to the activities and missions of both agencies. With both foreign and domestic production and supply and demand information provided by the new data bases, agency and departmental policymakers will have immediate access to the latest commodity market information.

Contractor assistance is being utilized for developing and implementing the processed commodities inventory system, tobacco and cotton automation activities and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling $22,259,000 in fiscal year 1991 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission-essential enhancements for the State and County Office Automation Project (SCOAP) equipment are estimated at $10,785,000. Hardware enhancements and related capitalized software for the CCC Computer Facility, including components for headquarter and field offices, are estimated at $1,598,000. The purchase of microcomputers, peripheral devices and software in support of Agricultural Trade offices and Embassies world-wide is estimated at $5,500,000. Cotton automation is estimated at $1,013,000. The remaining $3,363,000 is for the purchase of equipment including software, telephones, and peripherals needed by ASCS in support of IRM objectives and to keep abreast of new technologies and their impact on ASCS.

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1988 and 1989

Item	Fiscal Year 1988	Increases and Decreases	Fiscal Year 1989
Support and related programs:			
Commodity inventory operations:			
Losses or gain (-) on sales....	$4,508,373,023	-$3,848,553,228 (1)	$659,819,795
Domestic donations.....	1,437,299,896	-917,974,583 (2)	519,325,313
Export donations.....	272,372,074	+16,570,483 (3)	288,942,557
Storage and handling expense...	985,890,543	-399,491,328 (4)	586,399,215
Transportation expense.....	37,099,917	+3,547,843 (5)	40,647,760
Total commodity inventory operations.....	7,241,035,453	-5,145,900,813	2,095,134,640
Loans written off.....	10,866,882	+1,901,118 (6)	12,768,000
Producer storage payments.....	669,043,737	-187,249,345 (7)	481,794,392
FCIC crop indemnity payments.....	1,200,000,000	-800,000,000 (8)	400,000,000
Disaster payments (cash):			
Feed grains.....	4,786,872	-2,016,697	2,770,175
Wheat.....	331,824	+1,280	333,104
Rice.....	-18,410	+21,284	2,874
Upland cotton.....	429,016	-33,278	395,738
Total disaster payments.....	5,529,302	-2,027,411 (9)	3,501,891
Deficiency payments (cash):			
Corn.....	1,730,889,680	+2,819,745,966	4,550,635,646
Grain sorghum.....	259,836,006	+199,217,110	459,053,116
Barley.....	33,676,317	-6,084,210	27,592,107
Oats.....	152,897	-3,816,790	-3,663,893
Wheat.....	793,744,410	-167,313,169	626,431,241
Rice.....	417,842,484	+64,281,944	482,124,428
Upland cotton.....	754,840,606	-326,112,008	428,728,598
Extra long staple cotton.....	591,806	-554,831	36,975
Total deficiency pymts.-cash	3,991,574,206	+2,579,364,012(10)	6,570,938,218
Diversion payments (cash):			
Corn.....	-3,990,124	+2,383,837	-1,606,287
Grain sorghum.....	-382,463	+478,050	95,587
Barley.....	-193,630	+230,091	36,461
Oats.....	-233,316	+284,479	51,163
Wheat.....	-74,621	+34,831	-39,790
Rice.....	490,747	-482,386	8,361
Upland cotton.....	-98,883	+134,690	35,807
Dairy.....	-174,932	+468,743	293,811
Total diversion payments-cash	-4,657,222	+3,532,335(11)	-1,124,887
Upl. cotton loan def. pymts (cash)	114,574,495	-187,389,526(12)	-72,815,031
Rice inventory payments (cash)....	-51,286	+51,286(13)	---
Dairy termination program.....	207,557,644	-39,611,032(14)	167,946,612
Livestock emergency assistance....	1,982,084,071	-3,375,085,510(15)	-1,393,001,439
Forage assistance program.....	50,000,000	-95,092,238(16)	-45,092,238
Tree assistance program.....	40,000,000	-76,079,372(17)	-36,079,372
88 Crop disaster payments (cash)..	3,492,000,000	-3,598,350,265(18)	-106,350,265
89 Crop disaster payments.....	---	+296,126(19)	296,126
Cost/share burning pear program...	---	+86,555(20)	86,555
TOTAL CASH PYMTS (9-20 above).	9,878,611,210	-4,790,305,040	5,088,306,170
Deficiency pymts. (certificates):			
Corn.....	-134,506,356	+821,862,976	687,356,620
Grain sorghum.....	-21,757,401	+86,477,517	64,720,116
Barley.....	-68,271,461	+116,238,976	47,967,515
Oats.....	2,267,842	+1,212,716	3,480,558
Wheat.....	904,687,481	-1,400,463,240	-495,775,759
Rice.....	117,211,559	-190,741,819	-73,530,260
Upland cotton.....	741,848,761	-874,004,629	-132,155,868
Total deficiency payments (certificates)....	1,541,480,425	-1,439,417,503(21)	102,062,922
Diversion payments (certificates):			
Corn.....	585,590,540	-570,377,272	15,213,268
Grain sorghum.....	63,403,792	-59,570,935	3,832,857
Barley.....	22,732,175	-22,048,018	684,157
Oats.....	-252,439	+328,355	75,916
Wheat.....	500,680	-300,090	200,590
Total diversion payments (certificates)....	671,974,748	-651,967,960(22)	20,006,788

JUSTIFICATION OF INCREASES AND DECREASES (continued)
Realized Losses, Fiscal Years 1988 and 1989

Item	Fiscal Year 1988	Increases and Decreases	Fiscal Year 1989
Upl. cotton loan def. cert.....	295,545	+952,113(23)	1,247,658
Upl. cotton inv. protection cert.	-2,629,544	+6,583,025(24)	3,953,481
Upl. cotton first handler cert...	4,833,371	-7,519,294(25)	-2,685,923
Rice marketing certificates.....	184,948	-77,640(26)	107,308
Ethanol plants assistance program	-708,976	+618,976(27)	-90,000
Emergency feed certif. program...	40,862,161	-40,334,920(28)	527,241
Export enhancement certificates..	1,198,759,610	-805,283,849(29)	393,475,761
Targeted Export certif. program..	104,195,084	+18,153,756(30)	122,348,840
89 Crop disaster assist. cert....	---	+1,018,000,000(31)	1,018,000,000
86 Crop disaster assist. cert....	9,874,326	-9,078,715	795,611
Transfer of funds from FmHA.....	-12,000,000	+12,000,000	---
Net 86 disaster assist. cert..	-2,125,674	+2,921,285(32)	795,611
TOTAL CERTIFICATE PAYMENTS, NET (21-32 above)	3,557,121,698	-1,897,372,011	1,659,749,687
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (9-32)above).....	13,435,732,908	-6,687,677,051	6,748,055,857
Pre-1988 Emerg. feed prog. (cash).....	7,467,274	+40,864,391(33)	48,331,665
Export enhan. prog. (non-certif).	40,342,995	-9,669,576(34)	30,673,419
Emergency feed assistance prog...	334,699	-984,722(35)	-650,023
Conservation reserve program:			
Cost-share assistance payments.	---	-188,252	-188,252
Technical assistance payments..	4,597,936	-4,597,936	---
Annual Rental (cash).....	---	-9,002	-9,002
Annual rental pymts. (certif.).	-21,218,892	+6,228,851	-14,990,041
1988 disaster cost sharing.....	---	+3,526	3,526
Liquidated damages.....	-1,658,855	+201,239	-1,457,616
Corn bonus pymts. (certif.)....	2,285,539	-804,204	1,481,335
Total conservation reserve...	-15,994,272	+834,222(36)	-15,160,050
Payment-in-Kind Entitlements.....	-1,524,287	+1,055,878(37)	-468,409
Marketing loan write-offs:			
Upland cotton.....	112,599,377	+73,858,088	186,457,465
Rice.....	201,612,923	-136,649,178	64,963,745
Honey.....	46,706,277	-9,525,514	37,180,763
Total mkting. loan write-offs	360,918,577	-72,316,604(38)	288,601,973
Milk marketing fee collection program:			
Milk marketing fees (PL 97-253)..	-12,695	-49,798	-62,493
Milk marketing fees (PL 98-180)..	-53,242	+34,011	-19,231
Milk marketing fees (PL 99-198)..	-53,713,184	+53,684,370	-28,814
Milk marketing fees (PL 100-203).	-19,610,364	+6,628,951	-12,981,413
Total milk marketing fees.....	-73,389,485	+60,297,534(39)	-13,091,951
Tobacco budget deficit assessment	---	-3,500,589(40)	-3,500,589
Ocean transportation for section 416 export donations.....	82,823,868	-38,040,371(41)	44,783,497
Other program expense (net).....	108,320,061	-185,119,540	-76,799,479
Interest (net).....	-109,998,194	+472,377,146(42)	362,378,952
Operating expenses (net).....	677,471,172	-14,045,891(43)	663,425,281
Total gross realized losses.....	23,633,451,388	-12,567,174,213	11,066,277,175
Offsetting income from FY 1988 "Operating Expenses" advance appropriation.....	-14,992,772,098	+10,828,170,152	-4,164,601,946
Net realized losses.....	8,640,679,290	-1,739,004,061	6,901,675,229

Minus (-) indicates gain or adjustment to prior year.

The above analysis of realized losses covers the difference between the actual 1988 and 1989 losses of the Corporation. There has historically been a two-year lag between the year the actual loss was incurred and the year the appropriation was received to reimburse the CCC for its actual net realized losses. High levels of CCC entitlement outlays in the early and mid-1980's required the reimbursement of anticipated realized losses to restore CCC's capital impairment, although this need to appropriate estimated losses has been decreased recently. The fiscal year

1988 appropriations act appropriated $21,133,658,000 to CCC for "Operating Expenses" which included $1,422,400,000 for prior year losses. This amount was applied to $1,422,400,000 of fiscal year 1987 losses. The fiscal year 1989 appropriations act (P.L. 100-460) provided $8,828,286,000 to restore the unreimbursed balance of fiscal year 1987 losses of $1,754,435,000 and $7,073,851,000 of fiscal year 1988 losses. The fiscal year 1990 appropriations act (P. L. 101-161) provided $4,233,000,000 to restore the unreimbursed balance of fiscal year 1988 losses of $1,566,828,000 and $2,666,172,000 of fiscal year 1989 losses.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1991. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1988 to fiscal year 1989 follow:

(1) A decrease of $3,848,553,228 in losses on sales ($4,508,373,023 in 1988). This decrease is attributed to the substantial decline in the volume of commodity certificate issuances and the related certificate sales. The largest loss decrease was for feed grains, which decreased by $2.4 billion to $529 million. Wheat and wheat products also showed a large decline in losses from $1.2 billion in fiscal year 1988 to $69.7 million in fiscal year 1989. Losses on sales reflect the difference in the CCC commodity certificate issuance value versus the CCC book value (generally the acquisition cost). The Food Security Act of 1985, Public Law 99-198 (FSA), authorized the use of certificates as payment to producers under various CCC price support and related programs. These certificates were issued at the current market price for a particular commodity. Certificate holders, in turn, could exercise one of two options: (1) exchange the certificates for any CCC-owned commodity and receive a commodity quantity based on the current market price for that commodity at the time of redemption, or (2) redeem an outstanding CCC loan and receive a commodity quantity also based on the current market price for that commodity at the time of loan redemption. In both cases, a loss was generally realized because the CCC book value, which included redeemed loans transferred to inventory from the loan account, exceeded the certificate issuance value. In fiscal year 1989, CCC-owned commodities valued at $3,055.0 million were redeemed with certificates valued at $2,567.7 million. The difference, $487.3 million, represents the loss on certificates. The remaining loss on sales in fiscal year 1989, $172.5 million, includes losses on the sale from CCC inventory of wheat, corn, sorghum, cheese, butter oil and dried milk. Gains on the sale of rice and soybeans partially offset these losses.

(2) A decrease of $[illegible]7,974,583 in domestic donations ($1,437,299,896 in 1988). This decrease primarily reflects decreased donations of dairy products under Section 416 for the School Lunch and Special Donations to Needy Families Programs due to lower CCC inventory availability. Section 416 donations of rice and honey also decreased. An increase in the donated value of corn products and vegetable oil products partially offset the decrease.

(3) An increase of $16,570,483 in export donations ($272,372,074 in 1988). Larger donations of corn, grain sorghum and wheat under Section 416 of the Agricultural Act of 1949 accounted for the increase. Overseas dairy donations were down 124 million pounds from the 1988 program and partially offset the increase.

(4) A decrease of $399,491,328 in storage and handling expense ($985,890,543 in 1988). A decrease in expenses of $441,772,355 for the commercial storage and handling of feed grains, wheat and soybeans in fiscal year 1989 accounts for most of the total decrease. Certificate redemptions of CCC-owned inventory and much lower loan collateral forfeitures resulted in lower CCC inventories and therefore lower storage and handling expenses. Increased storage and handling costs of $45,243,005 for upland cotton and small changes in other commodities partially offset the decrease.

(5) An increase of $3,547,843 in transportation expense ($37,099,917 in 1988). Accounting adjustments to feed grains in fiscal year 1988 which reduced fiscal year 1988 costs, along with higher transportation costs for wheat and rice are responsible for the increase. This was partially offset by a reduction of $33,240,183 in dairy product transportation costs due to lower dairy donations.

(6) An increase of $1,901,118 in loans written off ($10,866,882 in 1988). Fiscal year 1989 write-offs represent higher write-offs for peanuts, tobacco, and corn loans.

(7) A decrease of $187,249,345 in producer storage payments ($669,043,737 in 1988). Higher feed grain and wheat prices, reflecting the impact of the 1988 and 1989 droughts, resulted in higher certificate redemptions and cash repayments of reserve loans in fiscal year 1989. With an overall decline in the bushels held in the reserve, producer storage payments also decreased. Advance storage payments of $472,255,000, which were made in fiscal year 1988 and recorded as a loss in fiscal year 1989 when earned, partially offset the decrease.

(8) A decrease of $800,000,000 in Federal Crop Insurance Corporation (FCIC) crop indemnity payments ($1,200,000,000 in 1988). The FSA amended the Federal Crop Insurance Corporation Act authorizing the Secretary to use CCC funds at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1989 losses reflect $400,000,000 transferred to FCIC to pay claims in fiscal year 1989.

(9) A decrease of $2,027,411 in total cash disaster payments ($5,529,302 in 1988). Fiscal year 1989 activity primarily reflects the balance of prevented planting disaster payments for 1984 and 1985 program crops which were made during 1989 as the result of a U.S. Court of Appeals decision.

(10) An increase of $2,579,364,012 in cash deficiency payments ($3,991,574,206 in 1988). The nearly $2.6 billion increase is mainly due to a shift in the payment mix from certificates to cash for the 1989 crop versus the 1988 crop. In fiscal year 1989, advance 1989 crop cash deficiency payments of $3,291,035,131 were made representing 40 percent of total 1989 crop deficiency payments for feed grains and wheat and 30 percent for upland cotton and rice. An additional $3,090,838,524 in 1989 crop cash deficiency payments was established as a loss in fiscal year 1989 with payment to be made in fiscal year 1990 in keeping with the GAO requirement that estimated payments due producers be accrued as a loss in the fiscal year in which the payment liability is recognized. By comparison, 1988 crop cash payment losses in fiscal year 1988 totaled $2,861,000,000, an amount $3,520,873,655 lower than 1989 crop cash payment losses. Lower 1988 crop final deficiency payment losses in fiscal year 1989 as a result of the 1988 drought partially offset the increase. (see also explanation #21).

(11) A net increase of $3,532,335 in cash diversion payments (-$4,657,222 in 1988). The fiscal year 1989 negative amount mainly reflects accounting adjustments to the diversion programs in effect for 1986 crop wheat and 1987 and 1988 crop corn. A small amount of 1987 crop grain sorghum, oats and barley payments and 1985 crop rice payments partially offset the 1989 total.

(12) A decrease of $187,389,526 in upland cotton cash loan deficiency payments ($114,574,495 in 1988). Authorized by the FSA, this payment was made to producers, who although eligible to obtain 1988 crop loans, agreed to forego them in exchange for the payment. The fiscal year 1989 gain of $72,815,031 represents the reversal of overestimated losses which were recorded in fiscal year 1988. Total 1988 crop loan deficiency payments issued in fiscal year 1988 were $41,577,613. Adjustments for prior year payments of $607,356 partially offset the decrease.

(13) An increase of $51,286 in rice cash inventory payments (-$51,286 in 1988). This one-time payment was to protect rice producers from sudden price decreases as a result of the implementation of the FSA. The majority of these payments were made in fiscal year 1986 with a small amount made in fiscal year 1987. The fiscal year 1988 negative amount represented minor adjustments. No payments or adjustments were made in fiscal year 1989. Total 1985 crop payments made over fiscal years 1986 through 1988 are $26,051,674.

(14) A decrease of $39,611,032 in dairy termination payments ($207,557,644 in 1988). The decrease reflects producer-selected payment options during the fourth year's operation of the dairy termination program, which was implemented in fiscal year 1986 under the FSA. Dairy termination payments, based on accepted bids submitted by producers, are made to eligible producers who agreed to discontinue milk production for a period of five years. Payments will continue through fiscal year 1992.

(15) A decrease of $3,375,085,510 in livestock emergency assistance ($1,982,084,071 in 1988). The decrease reflects a negative adjustment of $1,493,001,455 for the 1988 program to offset the overstatement of 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $100,000,000 for the 1989 program of which $88,542,533 will be provided in fiscal year 1990 and by miscellaneous 1989 program expenses. Payments made in fiscal year 1989 for the 1988 and 1989 programs totaled $477,380,826.

(16) A decrease of $95,092,238 for the Forage Assistance Program ($50,000,000 in 1988). Authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988. The 1989 loss represents a negative adjustment of $45,392,238 for the 1988 program to offset the overstatement of estimated 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $300,000 for the 1988 program to be provided in fiscal year 1990. Payments made in fiscal year 1989 for the 1988 program were $4,607,762.

(17) A decrease of $76,079,372 for the Tree Assistance Program ($40,000,000 in 1988). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The 1989 loss represents a negative adjustment of $37,840,558 for the 1988 program to offset the overstatement of estimated 1988 program liabilities recorded in 1988. This is partially offset by an estimated liability of $1,761,186 for the 1989 program of which $1,748,046 will be provided in fiscal year 1990. Payments made in fiscal year 1989 for the 1988 and 1989 programs totaled $2,172,582.

(18) A decrease of $3,598,350,265 in 1988 crop disaster payments made in cash ($3,492,000,000 in 1988). The fiscal year 1989 loss represents a negative adjustment of $106,350,265 to offset the overstatement of estimated 1988 crop liabilities recorded in 1988. Crop disaster cash payments made in fiscal year 1989 were $3,385,945,861.

(19) An increase of $296,126 in 1989 crop disaster payments ($0 in 1988). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1989 loss represents cash payments of $296,126 to producers for the 1989 program. These cash payments were made in lieu of certificate payments for amounts less than $200. The majority of 1989 crop disaster payments are being made in certificates. (see also explanation #31).

(20) An increase of $86,555 in cost/share burning prickly pear program ($0 in 1988). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1989 loss represents 1988 program payments of $62,562 made in fiscal year 1989 and 1989 program payments of $23,993.

(21) A decrease of $1,439,417,503 in deficiency payments made in generic certificates ($1,541,480,425 in 1988). This decrease mainly reflects a shift in the payment mix from certificates to cash for 1989 crop payments. 1989 crop certificate payment losses totaled $736,333,233 in fiscal year 1989, a decrease of $2,413,869,750 over 1988 crop deficiency certificate losses of $3,150,202,903 in fiscal year 1988. Accounting adjustments for the 1986 and 1987 crop to correct an earlier understatement of certificate payment liability partially offset the decrease. (see also explanation #10)

(22) A decrease of $651,967,960 in diversion payments made in certificates ($671,974,748 in 1988). A 10-percent land diversion program with payments made in certificates was in effect for the 1988 feed grains crops, which included corn, grain sorghum and barley. The fiscal year 1989 amount includes $5,181,323 in certificates issued for the 1988 crop and $14,466,816 in additional payments for feed grains under a 15 percent land diversion program effective for the 1987 crop. No land diversion programs were in effect for the 1989 crops.

(23) An increase of $952,113 in upland cotton loan deficiency payments made in certificates ($295,545 in 1988). Loan deficiency payments were issued for the 1986 crop with one-half of the payments made in cash and one-half in certificates. The fiscal year 1989 amount of $1,247,658 represents additional certificate payment adjustments. Total certificate payments for the 1986 crop, including adjustments were $65,297,866.

(24) An increase of $6,583,025 in upland cotton inventory protection certificates (-$2,629,544 in 1988). As with rice inventory payments, the FSA required a one-time transition payment to all holders of 1985 and prior crop year upland cotton to protect these privately-held stocks from any sudden price decreases due to the implementation of the FSA. The fiscal year 1989 amount reflects adjustments for these payments. The total value of certificates issued for inventory protection including adjustments is $620,157,411.

(25) A decrease of $7,519,294 in upland cotton first handler certificates ($4,833,371 in 1988). This payment, authorized by the FSA, is required to eligible first handlers of cotton if certain CCC programs fail to make upland cotton fully competitive in world markets and the world market price for cotton is less than the loan repayment rate. The fiscal year 1989 loss represents 1986 crop first handler certificate accounting adjustments. Overall payments of $110,424,813 were made from fiscal years 1986 through 1989.

(26) A decrease of $77,640 in rice marketing certificates ($184,948 in 1988). Similar to the upland cotton first handler certificates, rice marketing certificates must be issued to eligible producers whenever the world price for rice falls below the loan repayment rate. In fiscal year 1986, certificates valued at $540,469 were issued for the 1986 crop and in fiscal year 1987 and fiscal year 1988, certificates valued at $18,210,775 and $184,948 respectively were issued for the same crop. The fiscal year 1989 loss of $107,308 represents additional 1986 crop certificate payment adjustments. Total program payments from fiscal years 1986 through 1989 were $19,043,500.

(27) An increase of $618,976 in the ethanol plants assistance program (-$708,976 in 1988). In order to encourage the use of grain in the production of fuel ethanol, the FSA authorized CCC to make commodities available for sale at no cost or reduced cost to qualifying ethanol producers. The majority of these payments, which were issued in certificates, was made during fiscal years 1986 and 1987. No assistance was provided to ethanol plants in fiscal years 1988 and 1989. The amounts for fiscal years 1988 and 1989 represent adjustments for prior year payments. Payments made over fiscal years 1986 through 1989 totaled $53,647,953.

(28) A decrease of $40,334,920 in emergency feed certificates ($40,862,161 in 1988). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but are unavailable due to natural disaster. The fiscal year 1989 amount of $527,241 is for payment adjustments in connection with 1986 crop disasters.

(29) A decrease of $805,283,849 in export enhancement certificates ($1,198,759,610 in 1988). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FSA to make available to commercial exporters either CCC-owned commodities for bonus payments or issue transferable export certificates which may later be redeemed for CCC commodities. The fiscal year 1989 loss reflects the value of export certificates issued.

(30) An increase of $18,153,756 for targeted export assistance certificates ($104,195,084 in 1988). To counter or offset the adverse effect of subsidies, import quotas or other unfair trade practices in foreign countries, the Secretary must issue certificates which may be exchanged for CCC commodities to assist promotion activities for commodities or products affected by such practices, or use CCC funds at the Secretary's discretion. The fiscal year 1989 amount is for certificate payments issued to assist in these export promotion activities.

(31) An increase of $1,018,000,000 in 1989 crop disaster assistance certificates. ($0 in 1988). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses in 1988 due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1989 loss represents estimated certificate issuance for the 1989 program, of which $17,973,965 was issued in fiscal year 1989.

(32) An increase of $2,921,285 in net disaster assistance certificates for 1986 (-$2,125,674 in 1988). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. Fiscal year 1989 losses reflect additional payment adjustments in connection with 1986 crop disasters. Fund transfers from the Farmers Home Administration of $400,000,000 in fiscal year 1987 and $12,000,000 in fiscal year 1988 were used to offset a portion of the disaster program's cost in fiscal years 1987 and 1988; however, no such transfer was made in fiscal year 1989. Combined fiscal year 1987 through 1989 certificate payments were $567,138,584 and total FmHA transfers to offset a portion of the program's costs were $412,000,000.

(33) An increase of $40,864,391 for the emergency feed program (cash); ($7,467,274 in 1988). The fiscal year 1989 amount reflects program payments during fiscal year 1989 before implementation of the 1988 and 1989 Disaster Assistance Acts.

(34) A decrease of $9,669,576 for the export enhancement program (non-certificate), ($40,342,995 in 1988). Fiscal year 1989 activity reflects the value of CCC-owned corn, wheat, and soybeans issued as bonus payments to U.S. exporters to expand export sales in those markets where unfair foreign trade practices were used. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.

(35) A decrease of $984,722 in Emergency Feed Assistance Program ($334,699 in 1988). The decrease reflects a negative adjustment of $709,379 for the 1988 program to offset the overstatement of 1988 program liabilities recorded in fiscal year 1988. This is partially offset by an expense of $59,357 for the 1989 program.

(36) An increase of $834,222 for the conservation reserve program (-$15,994,272 in 1988). This increase reflects a small amount of 1988 disaster cost-sharing payments of $3,526, a $201,239 reduction in liquidated damages collected and an accounting adjustment increase of $6,228,851 for annual rental payments issued in certificates. Lower corn bonus payment adjustments partially offset the increase. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.

(37) A net increase of $1,055,878 in payment-in-kind (PIK) program costs (-$1,524,287 in 1988). The increase is due to adjustments to PIK activity for fiscal years 1983 and 1984 accrued losses for the 1983 crops of wheat, corn, grain sorghum, rice and upland cotton, and for the 1984 crop of wheat.

(38) A decrease of $72,316,604 in marketing loan write-offs ($360,918,577 in 1988). The decrease mainly reflects an increase in the adjusted world price for 1988 crop rice. Since the marketing loan write-off rate is based on the difference between the original loan rate and a repayment rate which, in turn, is linked to the world price, the world price increase effectively lowered the write-off rate. A lower 1988 crop versus 1987 crop loan rate for honey which lowered the loan write-off rate also contributed to the decrease in marketing loan write-offs. Increases in marketing loan write-offs for upland cotton partially offset these decreases.

(39) A net decrease (smaller gain) of $60,297,534 in milk marketing fees (-$73,389,485 in 1988). The decrease in fiscal year 1989 reflects three months of operation of the collection program versus nine months operation in fiscal year 1988. Fiscal year 1989 receipts include collections of $13,010,227 authorized by the FSA.

(40) A decrease (gain) of $3,500,589 for tobacco budget deficit assessments collected ($0 in 1988). The fiscal year 1989 amount reflects assessments collected for 1988 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1987 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction. A similar 1.4 percent reduction is required for the 1989 tobacco crop.

(41) A decrease of $38,040,371 in ocean transportation expense for Section 416 export donations ($82,823,868 in 1988). The decrease is mainly due to a decrease in metric tonnage shipped in 1989, particularly in the donation of dairy products.

(42) An increase of $472,377,146 in net interest expense (-$109,998,194 in 1988). The increase is mainly attributable to an increase in outstanding Treasury borrowings of $1.9 billion for commodities and programs along with an increase in the average interest rate paid on borrowings (8.75 percent in 1989 versus 7.25 percent in 1988). A decrease in accrued interest income for the export credit guarantee and rescheduled export guarantee loan programs also contributed to the overall increase.

(43) A decrease of $14,045,891 in operating expenses ($677,471,172 in 1988). Lower miscellaneous operating expenses are primarily responsible for the decrease. Partially offsetting this decrease was an additional $9,000,000 in higher authorized CCC fund transfers to the ASCS Salaries and Expenses Account for 1988 crop drought workload.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1988 and 1989 losses of the Corporation. The 1988 losses have already been reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(thousands of dollars)	
	1990	1991
Appropriation (for realized losses).....	$4,233,000	$6,100,000 a/
Portion applied to debt reduction.....	-4,233,000	-6,100,000
Adjusted Appropriation.....	---	---
Adjustments:		
Authority to borrow.....	+9,139,283	+13,084,435
National Wool Act appropriation.....	+93,485	+121,316
Budget Authority.....	9,232,768	13,205,751

a/ Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1988 through 1991.

Fiscal Year 1988 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	4,508.4	2,918.0	1,203.9	-8.8	165.9	336.4	-107.0
Domestic donations	1,437.3	10.2	32.2	25.7	--	1,281.0	88.2
Export donations	272.4	23.6	71.9	7.5	--	168.2	1.2
Storage and handling	985.9	750.5	169.3	-1.4	20.9	16.4	30.2
Transportation	37.1	-15.5	0.7	0.8	--	50.2	0.9
Loans written off	10.9	0.9	0.2	--	0.1	--	9.7
Producer storage payments	669.0	559.3	109.3	--	--	--	0.4
Cash deficiency payments	3,991.6	2,024.6	793.8	417.8	754.8	--	0.6
Cash diversion payments	-4.7	-4.8	-0.1	0.5	-0.1	-0.2	--
Cash loan deficiency payments	114.6	--	--	--	114.6	--	--
Deficiency certificate payments	1,541.5	-222.3	904.7	117.2	741.9	--	--
Diversion certificate payments	672.0	671.5	0.5	--	--	--	--
Rice marketing certificates	0.2	--	--	0.2	--	--	--
First-handler, inventory protection and loan deficiency certificates	2.5	--	--	--	2.5	--	--
Dairy termination program	207.6	--	--	--	--	207.6	--
Conservation reserve program	-16.0	--	--	--	--	--	-16.0
Other certificates b/	1,341.0	--	--	--	--	--	1,341.0
Export enhancement (non-certificate)	40.3	13.6	14.5	--	--	--	12.2
Marketing loan write-offs	360.9	--	--	201.6	112.6	--	46.7
Livestock emergency assistance	1,982.4	--	--	--	--	--	1,982.4
Crop disaster payments	3,492.0	--	--	--	--	--	3,492.0
FCIC crop indemnity payments	1,200.0	--	--	--	--	--	1,200.0
Other c/	219.1	102.5	5.2	-0.5	13.3	-75.4	174.0
Total program costs	23,066.0	6,832.1	3,306.1	760.6	1,926.5	1,984.2	8,256.5
Nonprogram costs:							
Interest (net):							
Support and related	-68.5						
Short-term and intermediate export credit sales	0.1						
Export guarantees	-41.6						
Operating expenses	677.5						
Total nonprogram costs	567.5						
Total realized losses, gross	23,633.5						
Offsetting income from FY 1988 advance appropriation	-14,992.8						
Total, net realized losses	8,640.7						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, 1988 crop disaster payments, livestock assistance, tree assistance, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, FCIC crop indemnity payments, export enhancement, and targeted export assistance.

b/ Include ethanol plant assistance, export enhancement, targeted export assistance and emergency feed programs.

c/ Includes -$73.4 million for dairy receipts/gains (from assessment program), $50.0 million for forage assistance, $40.0 million for tree assistance program and losses for other programs netting to the $219.1 million shown.

Fiscal Year 1989 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	659.8	529.4	69.7	-22.2	-6.8	121.3	-31.6
Domestic donations	519.3	8.2	35.3	0.8	--	416.3	58.7
Export donations	288.9	125.7	153.6	4.7	--	--	4.9
Storage and handling	586.4	414.9	84.3	0.5	66.2	13.1	7.4
Transportation	40.6	13.9	4.5	4.8	--	16.6	0.8
Loans written off	12.8	0.3	0.3	--	--	--	12.2
Producer storage payments	481.8	377.2	104.4	--	--	--	0.2
Cash deficiency payments	6,570.9	5,033.6	626.4	482.1	428.7	--	0.1
Cash diversion payments	-1.1	-1.4	--	--	--	0.3	--
Deficiency certificate payments	102.1	803.5	-495.8	-73.5	-132.1	--	--
Cash loan deficiency payments	-72.8	--	--	--	-72.8	--	--
Diversion certificate payments	20.0	19.8	0.2	--	--	--	--
Dairy termination program	167.9	--	--	--	--	167.9	--
Livestock Assistance	-1,393.6	--	--	--	--	--	-1,393.6
Cash Crop Disaster Payments	-106.1	--	--	--	--	--	-106.1
Crop Disaster Certificates	1,018.8	--	--	--	--	--	1,018.8
Other certificates b/	518.9	--	--	0.1	2.5	--	516.3
Marketing loan write-offs	288.6	--	--	65.0	186.4	--	37.2
FCIC crop indemnity payments	400.0	--	--	--	--	--	400.0
Other c/	-62.7	-79.6	31.6	-1.0	1.1	-4.7	-10.1
Total program costs	10,040.5	7,245.5	614.5	461.3	473.2	730.8	515.2
Nonprogram costs:							
Interest (net):							
Support and related	290.0						
Short-term and intermediate export credit sales	58.0						
Export guarantees	14.4						
Operating expenses	663.4						
Total nonprogram costs	1,025.8						
Total realized losses,gross	11,066.3						
Offsetting income from FY 1988 advance appropriation	-4,164.6						
Total, net realized losses	6,901.7						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, export enhancement, disaster payments, livestock assistance, FCIC crop indemnity payments, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement, targeted export assistance programs, loan deficiency, inventory protection, cotton first handler, rice marketing, ethanol plants assistance, and emergency feed.

c/ Includes gains/adjustments of -$113.4 million for forage assistance, tree assistance, the conservation reserve program, payment-in-kind entitlements, milk marketing fees, and the tobacco budget deficit assessment. Offsetting losses for the pre-1988 emergency feed program, export enhancement, ocean transportation for export donations, and losses for other programs net to the -$62.7 million shown.

Fiscal Year 1990 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a
Program Costs:							
Gain(-) or loss on sales	358.1	135.1	13.1	-9.8	-2.8	222.2	0.3
Domestic donations	472.3	7.7	47.0	--	--	356.4	61.2
Export donations	208.4	128.9	--	--	--	49.5	30.0
Storage and handling	393.3	327.1	47.2	0.1	4.6	11.0	3.3
Transportation	35.6	9.2	4.9	0.8	--	20.4	0.3
Loans written off	4.5	--	--	--	--	--	4.5
Producer storage payments	291.9	223.2	68.5	--	--	--	0.2
Cash deficiency payments	6,393.8	3,715.0	1,671.8	553.0	454.0	--	--
Cash diversion payments	-0.1	-0.1	--	--	--	--	--
Cash loan deficiency payments	10.0	--	--	10.0	--	--	--
Deficiency certificate payments	15.9	18.1	-0.8	-0.4	-1.0	--	--
Diversion certificate payments	11.3	11.3	--	--	--	--	--
Dairy termination program	178.3	--	--	--	--	178.3	--
Livestock Assistance	-0.2	--	--	--	--	--	-0.2
Crop Disaster Payments	0.7	--	--	--	--	--	0.7
FCIC Crop Indemnity Payments	150.0	--	--	--	--	--	150.0
Other certificates b/	766.0	--	--	--	--	--	766.0
Marketing loan write-offs	108.2	--	--	83.7	--	--	24.5
Other c/	22.6	--	--	--	--	--	22.6
Total program costs	9,420.6	4,575.5	1,851.7	637.4	454.8	837.8	1,063.4
Nonprogram costs:							
Interest (net):							
Support and related	32.1						
Short-term and intermediate export credit sales	34.5						
Export guarantees	94.9						
Operating expenses	633.9						
Total nonprogram costs	795.4						
Total realized losses, gross	10,216.0						
Offsetting income from FY 1988 advance appropriation	-259.2						
Total, net realized losses	9,956.8						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, FCIC crop indemnity payments, administrative equipment, export guarantee program fees, ocean transportation for export donations, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs.

c/ Other costs include depreciation costs associated with administrative equipment, miscellaneous expenses and receipts/gains from export guarantee fees.

Fiscal Year 1991 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
Program Costs:							
Gain(-) or loss on sales	368.1	283.6	20.9	-0.3	--	63.5	0.4
Domestic donations	493.6	6.4	38.5	--	--	385.2	63.5
Export donations	100.7	100.7	--	--	--	--	--
Storage and handling	424.3	360.2	52.4	0.1	--	8.8	2.8
Transportation	37.5	13.3	3.2	0.8	--	20.1	0.1
Loans written off	3.1	--	--	--	--	--	3.1
Producer storage payments	70.0	70.0	--	--	--	--	--
Cash deficiency payments	10,123.4	6,441.5	2,513.0	622.9	546.0	--	--
Cash diversion payments	0.0	--	--	--	--	--	--
Cash loan deficiency payments	7.1	--	--	7.1	--	--	--
Deficiency certificate payments	--	--	--	--	--	--	--
Diversion certificate payments	--	--	--	--	--	--	--
Dairy Termination Program	106.1	--	--	--	--	106.1	--
FCIC Crop Indemnity Payments	300.0	--	--	--	--	--	300.0
Other certificates b/	1,100.0	--	--	--	--	--	1,100.0
Marketing loan write-offs	150.3	--	--	123.4	--	--	26.9
Other c/	-51.8	--	--	--	--	--	-51.8
Total program costs	13,232.4	7,275.7	2,628.0	754.0	546.0	583.7	1,445.0
Nonprogram costs:							
Interest (net):							
Support and related	47.0						
Short-term and intermediate export credit sales	16.1						
Export guarantees	55.6						
Operating expenses	641.3						
Total nonprogram costs	760.0						
Total realized losses, gross	13,992.4						
Offsetting income from FY 1988 advance appropriation	-168.5						
Total, net realized losses	13,823.9						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, FCIC crop indemnity payments, administrative equipment, export guarantee program fees, ocean transportation for export donations, export enhancement, and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs.

c/ Other costs include depreciation costs associated with administrative equipment, miscellaneous expenses, and receipts/gains from export guarantee fees.

The preceding tables reflect actual and estimated losses by commodity and program which are usually restored by annual appropriations for reimbursement of net realized losses. However, in fiscal year 1988 only, CCC was provided an appropriation for "Operating Expenses" of $21,133.7 million. The appropriation was subdivided into specific spending authorizations for 17 individual CCC programs and activities, and included authority to transfer up to 7 percent of the amount available for any program to any other program. Application of the advanced funding provided by the "Operating Expenses" appropriation reduced fiscal year 1988 gross losses of $23,633.5 million proportionate to "Operating Expenses" funds used. Net realized losses in fiscal year 1988 were $8,640.7 million as a result of the $14,992.8 million income offset. Another $4,164.6 million of the "Operating Expenses" appropriation was applied to reduce fiscal year 1989 gross realized losses of $11,066.4 million for a net realized loss in fiscal year 1989 of $6,901.7 million. The remainder of the "Operating Expenses" appropriation of $427.8 million will be applied to reduce fiscal year 1990 and 1991 gross realized losses.

No "7-percent" transfers were necessary in 1988 and 1989 because CCC has several other funding sources which can be utilized if individual spending authorizations are exceeded. These include available borrowing at the start of the fiscal year and program receipts from operations.

National Wool Act

Appropriation Act, 1990	$93,485,000
Budget Estimate, 1991	121,316,000
Increase in Appropriation	+27,831,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1990 Estimated (1988 Calendar Year)	Increase	1991 Estimated (1989 Calendar Year)
Total duties collected in the applicable calendar year	$435,621,668	+$5,000,332	$440,622,000
70 percent of duties collected, representing maximum available for reimbursement to CCC	304,935,168	+3,500,232	308,435,400
Appropriation or estimate to reimburse CCC	93,485,000	(1) +27,831,000	121,316,000

The 1990 appropriation covers reimbursement for fiscal year 1989 expenditures (not otherwise recovered) relating to marketings in the 1988 calendar year. The 1991 appropriation estimate covers fiscal year 1990 estimated expenditures relating to marketings in the 1989 calendar year.

PROJECT STATEMENT
(On basis of appropriation)

Item	1989 Actual	1990 Estimated	Increase	1991 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate	1/ $4,527,000	$93,485,000	+$27,831,000	$121,316,000

1/ The fiscal year 1988 appropriation act, P. L. 100-202, provided that $126,108,000 of the CCC Operating Expenses appropriation be used for expenditures of the wool program. These advance wool funds were applied to fiscal year 1988 expenditures, which reduced the amount required to be appropriated under section 705 in fiscal year 1989.

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food Security Act of 1985 to cover marketings through December 31, 1990.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The following table shows amounts collected and available for payment (in thousands of dollars).

Item	Fiscal Year 1989 (1988 Marketing Year) Actual	Fiscal Year 1990 (1989 Marketing Year) Estimate	Fiscal Year 1991 (1990 Marketing Year) Estimate
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953.....	$4,367,696	$4,676,131	$4,988,066
Cumulative payments to producers.....	1,888,428	2,004,228	2,119,428
Balance available, end of year.....	2,479,268	2,671,903	2,868,638

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $27,831,000 in the appropriation to reimburse the Commodity Credit Corporation.

Item of Change	1990 Estimate (Fiscal Year 1989 Expenditure)	Increase or Decrease	1991 Estimate (Fiscal Year 1990 Expenditure)
Payments to producers:			
Shorn wool.....	$32,306,000	+$21,894,000 (a)	$54,200,000
Unshorn lambs.....	7,091,000	+4,609,000 (b)	11,700,000
Mohair.....	48,421,000	+1,479,000 (c)	49,900,000
Total payments.....	87,818,000	+27,982,000	115,800,000
Operating expenses.....	1,799,000	+126,000 (d)	1,925,000
Interest expenses.....	3,868,000	-277,000 (e)	3,591,000
Total.....	93,485,000	+27,831,000	121,316,000

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1990 are $121,316,000. Program costs are estimated to increase from fiscal year 1989 primarily due to increased payments because of significantly lower market prices received by wool producers.

Nature of Change.

(a) An increase of $21,894,000 shorn wool payments ($32,306,000 in 1990). This results from a projected decline in the season average price for shorn wool from $1.38 to $1.15 per pound increasing the payment rate from 40 to 62 cents per pound which is applied to higher marketings of shorn wool.

(b) An increase of $4,609,000 in payments on unshorn lambs ($7,091,000 in 1990). This increase is due to an increase in the payment rate for wool as explained above, increasing the payment rate for unshorn lambs from $1.60 to $2.48 per hundredweight.

(c) An increase of $1,479,000 in payments on mohair ($48,421,000 in 1990). This increase is primarily due to a decrease in the season average price from $1.89 to $1.70 resulting in an increase in the payment rate from $2.80 to $2.89 per pound.

(d) An increase of $126,000 in operating expenses ($1,799,000 in 1990). This increase in administrative costs is based on a slightly higher estimated volume of workload, adjusted for pay costs.

(e) A decrease of $277,000 in interest expenses ($3,868,000 in 1990). This decrease is due primarily to a decrease in the interest rate charged the Corporation for Treasury borrowings, partly offset by increased program costs due to higher payments.

EXPENDITURES AND REIMBURSEMENTS TO CCC
UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1989, 1990, and 1991.

Item	Fiscal Year 1989 (1988 Marketing Year) Actual	Fiscal Year 1990 (1989 Marketing Year) Estimated	Fiscal Year 1991 (1990 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	84,800,000	87,400,000	86,600,000
Hundredweight, unshorn lambs.	4,700,000	4,700,000	4,700,000
Pounds of mohair.....	17,322,000	16,900,000	14,600,000
Incentive or Support Level:			
Price per lb of wool (cents).....	178.0	177.0	182.0
Price per lb of mohair (cents).....	469.0	458.8	453.1
Percent of parity - wool.	66.7	61.2	60.1
Percent of parity - mohair.....	56.7	52.0	51.1
Payments under Act - Rates:			
Shorn wool, per lb (cents).....	40.0	62.0	72.0
Unshorn lambs, cwt (cents).....	160.0	248.0	288.0
Mohair, per lb (cents)...	280.4	288.8	263.1
Amount of Payments:			
Shorn wool.....	$32,306,000	$54,200,000	$62,400,000
Unshorn lambs.....	7,091,000	11,700,000	13,500,000
Mohair.....	48,421,000	49,900,000	39,300,000
Total payments.....	87,818,000	115,800,000	115,200,000
Operating Expenses.....	1,799,000	1,925,000	1,925,000
Interest Expense.....	3,868,000	3,591,000	3,104,000
Current year expenditures..	93,485,000	121,316,000	120,229,000
Unrecovered balance, prior years.....	4,527,000	93,485,000	121,316,000
Total cumulative unrecovered balance....	98,012,000	214,801,000	241,545,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/.....	-4,527,000	-93,485,000	-121,316,000
Unrecovered balance, end of year.....	93,485,000	121,316,000	120,229,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

GENERAL SALES MANAGER

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters	1989 Field	1989 Total	1990 Headquarters	1990 Field	1990 Total	1991 Headquarters	1991 Field	1991 Total
ES-6	--	--	--	--	--	--	--	--	--
ES-5	1	--	1	1	--	1	1	--	1
ES-4	--	--	--	--	--	--	--	--	--
ES-3	--	--	--	--	--	--	--	--	--
GS/GM-15	6	--	6	6	--	6	6	--	6
GS/GM-14	16	--	16	16	--	16	17	--	17
GS/GM-13	16	--	16	16	--	16	20	--	20
GS-12	33	--	33	34	--	34	36	--	36
GS-11	6	--	6	7	--	7	7	--	7
GS-10	--	--	--	--	--	--	--	--	--
GS-9	4	--	4	7	--	7	6	--	6
GS-8	3	--	3	3	--	3	5	--	5
GS-7	9	--	9	9	--	9	9	--	9
GS-6	16	--	16	16	--	16	16	--	16
GS-5	2	--	2	2	--	2	2	--	2
GS-4	4	--	4	4	--	4	4	--	4
GS-3	--	--	--	--	--	--	--	--	--
GS-2	--	--	--	--	--	--	--	--	--
Other Graded Positions	--	--	--	--	--	--	--	--	--
Ungraded Positions.	--	--	--	--	--	--	--	--	--
Total Permanent Positions	116	--	116	121	--	121	129	--	129
Staff Years:									
Ceiling	116	--	116	121	--	121	129	--	129
Non-Ceiling	--	--	--	--	--	--	--	--	--
TOTAL	116	--	116	121	--	121	129	--	129

COMMODITY CREDIT CORPORATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

General Sales Manager (Allotment from Commodity Credit Corporation):

Not to exceed [$7,415,000] $8,090,000 may be transferred from the Commodity Credit Corporation funds to support the General Sales Manager, of which up to $4,000,000 shall be available only for the purpose of selling surplus agricultural commodities from Commodity Credit Corporation inventory in world trade at competitive prices for the purpose of regaining and retaining our normal share of world markets. The General Sales Manager shall report directly to the Secretary of Agriculture. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of the Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such developments.

GENERAL SALES MANAGER
ALLOTMENT FROM COMMODITY CREDIT CORPORATION

Allotment, 1990	$7,415,000
Budget Estimate, 1991	8,090,000
Increase in Allotment	+ 675,000

SUMMARY OF INCREASES AND DECREASES
(On basis of allotment)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
General Sales Manager	$7,415,000	+ $100,000	$575,000	$8,090,000

PROJECT STATEMENT
(On basis of allotment)

Project	1989 Actual Amount	1989 Actual Staff-Years	1990 Estimated Amount	1990 Estimated Staff-Years	Increase	1991 Estimated Amount	1991 Estimated Staff-Years
General Sales Manager	$7,200,000	116	$7,415,000	121	+$675,000(1)	$8,090,000	129
Total available or estimate	$7,200,000	116	$7,415,000	121	+$675,000(1)	$8,090,000	129

EXPLANATION OF PROGRAM

The General Sales Manager was established pursuant to Section 5(f) of the Charter of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

(1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Targeted Export Assistance Program, (5) Public Law 480, (6) Section 416 Overseas Donations program, (7) Food for Progress, and (8) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS COMMENCED DURING FY 1989

GAO Reviews

Code 483505	Review of Export Credit Guarantee Shipments	Review of origin of commodities exported under program
Code 472182	AID's Management of Emergency Food Shipments	Review of AID/USDA program administration
Code 483509	Review of Implementation of TEA Report Recommendations and Analysis of Export Additionality	Review of USDA program administration

OIG Reviews

07099-21-Hy	Exports of Foreign Commodities Under GSM 102/103	Audit of agency program administration

07099-01-SF	Export Credit Guarantees Made to Selected Seed Exporters	Audit of selected program participants
07099-22-Hy	Dairy Cattle Exports Under EEP	Audit of agency program administration
50099-61-Hy	Foreign Debt Collection	Audit of collection efforts by CCC
07020-2-Hy	Participant Contributions Under TEA and FMD Programs	Audit of agency program administration
07099-25-Hy	Audit of GSM 102/103 Program Participant	Audit of program participant

REVIEWS COMPLETED DURING FY 1989

GAO Reviews

Code 483450	Review of the TEA Program	Review of USDA program administration
Code 483430	INTERNATIONAL TRADE: CCC's Export Credit Guarantee Program	Review of USDA program administration
Code 901451	U.S. Export Tobacco Content	Review of USDA program administration
Code 097723	WORLD AGRICULTURE: Factors Influencing Trends in World Agricultural Production and Trade	Review of international marketing trends
Code 472182	AID's Management of Emergency Food Shipments	Review of agency program administration

OIG Reviews

50099-32-Hy	PL 480 Title II Evaluation of Program Objectives	Review of program effectiveness in achieving objectives
07099-07-Hy	Audit of PL 480 Title I U.S. Flag Vessel Rates	Review of agency program administration
07099-11-Hy	Direct Sales From CCC Inventory	Audit of agency program administration
07099-19-Hy	Market Development: Walnut Marketing Board	Audit of participant in TEA program
07099-9-Hy	Survey of PL 480 Title II Private Voluntary Organization Use of Foreign Currencies	Survey of agency program administration
07099-16-Hy	Food For Progress	Audit of agency program administration
07099-14-Hy	Market Development: Targeted Export Assistance Program	Audit of agency program administration
07099-22-Hy	Dairy Cattle Exports Under EEP	Audit of agency program administration

07099-21-SF	Export Credit Guarantees Made to Selected Seed Exporters	Audit of program participants
07097-1-SF	FAS GSM 102/103 Seed Sales	Audit of program participants
50099-51-Hy	Survey of Ocean Freight Rates	Survey of agency program administration

JUSTIFICATION ON INCREASES AND DECREASES

1. An increase of $675,000 for the General Sales Manager ($7,415,000 available in FY 1990) consisting of:

(a) An increase of $575,000 for 8 additional staff-years.

Need for Change. The Food Security Act of 1985 substantially increased the program responsibilities of the General Sales Manager without providing for the necessary program support resources. Meeting the traditional program responsibilities with existing staff, in addition to new workload demands, particularly those associated with the expanded GSM-102 program, the new GSM-103 program, and the expansion of the Export Enhancement Program, have resulted in chronic staffing shortages. This situation has created difficulties which have been documented in frequent GAO/OIG audits and reviews of USDA export programs. Many of these audits and reviews continue to point to the lack of formal program regulations, inadequate documentation of policies and procedures, and a lack of internal reviews and evaluations of program effectiveness and compliance with established guidelines. To minimize vulnerability to waste, fraud and abuse and to address the program management issues identified in GAO/OIG reports, 8 additional staff-years are requested.

Nature of Change. The requested funding will support 8 additional staff-years and related costs which will be dedicated to the improvement of the administration and oversight of the Department's commercial export programs under the direction of the General Sales Manager's Office.

(b) An increase of $100,000 which represents 50 percent of the FY 1991 pay raise. The remaining 50 percent of the 1991 pay raise is being absorbed.

General Sales Manager
Allotment from Commodity Credit Corporation
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 and Estimated 1990 and 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	$7,200,000	116	$7,415,000	121	$8,090,000	129
Total, Available or Estimate	$7,200,000	116	$7,415,000	121	$8,090,000	129

HUMAN NUTRITION INFORMATION SERVICE

Purpose Statement

The Human Nutrition Information Service (HNIS) was established by the Secretary on October 1, 1981. The functions of this agency were formerly carried out within the Agricultural Research Service.

HNIS is responsible for conducting applied research in food and nutrition--what foods Americans buy and eat, what nutrients are in the foods we eat, and how we can make informed food choices. HNIS research is used by policymakers to formulate research-based policies for nutrition and food intervention programs, consumer education, food fortification, and regulatory activities. HNIS reports the results of its work in both technical and popular publications and in forms that can be used by computers.

HNIS has primary responsibility for USDA's role in the National Nutrition Monitoring System and is the lead Agency for providing the Federal policy basis for issuing dietary guidance to the general public. HNIS' National Nutrient Data Bank is the primary resource for data on the nutrient content of foods throughout the Government as well as in the private sector.

The Agency is located at Hyattsville, Maryland, and Beltsville, Maryland. As of September 30, 1989, there were 74 full-time permanent and 21 part-time employees. A portion of the Agency's work is done via competitive contracts. These contracts are used for work that requires extensive human resources located throughout the country such as providing interviewers for nationwide surveys, or that requires specific technical expertise and equipment such as laboratory analyses of the nutrient composition of specific foods. Much of this work requires specialized technical skills that would be impractical for the agency to retain among its employees on a year-round basis.

HUMAN NUTRITION INFORMATION SERVICE

Available Funds and Staff-Years

1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual		1990 Estimated		1991 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses	$8,823,000	90	$9,031,000	90	$10,705,000	106
Other Federal Funds:						
National Institutes of Health, DHHS, for acquisition and composition for data for publications	75,000	—	—	—	—	—
NIH, Public Health Service, National Institute on Aging to support development of dietary guidance materials for the aged	10,000	—	—	—	—	—
Total, Human Nutrition Information Service	8,908,000	90	9,031,000	90	10,705,000	106

Full-Time Equivalent Staff-Years	1989 Actual	1990 Estimated	1991 Estimated
Ceiling	90	90	106
Non-Ceiling	—	—	—
Total	90	90	106

HUMAN NUTRITION INFORMATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

Grade	1989 Headquarters	1990 Headquarters	1991 Headquarters
GS/GM-15	3	4	4
GS/GM-14	6	6	6
GS/GM-13	11	12	13
GS-12	12	12	15
GS-11	16	16	19
GS-9	5	10	15
GS-8	1	1	1
GS-7	4	5	7
GS-6	6	4	6
GS-5	7	7	7
GS-4	2	2	2
GS-3	1	1	1
GS-2	0	0	0
Total Permanent Positions.....	74	80	96
Staff-Years:			
Ceiling.....	90	90	106
Non-Ceiling...	—	—	—
TOTAL.....	90	90	106

HUMAN NUTRITION INFORMATION SERVICE

CLASSIFICATION BY OBJECTS

1989 and Estimated 1990 and 1991

	1989	1990	1991
Personnel Compensation:			
Headquarters:			
11 Total personnel compensation.....	$ 3,122,721	$ 3,200,000	$ 3,641,000
12 Personnel Benefits.....	493,903	660,000	775,000
13 Benefits for former personnel.....	—	—	—
Total Pers. Comp. & Benefits.....	3,616,624	3,860,000	4,416,000
Other Objects:			
21 Travel.....	57,021	80,000	80,000
22 Transportation of things.....	2,074	5,000	5,000
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	91,775	100,000	100,000
24 Printing and reproduction.....	185,808	100,000	100,000
25 Other services.....	4,254,275	4,656,000	5,754,000
26 Supplies and materials.....	95,512	80,000	90,000
31 Equipment.....	91,159	150,000	160,000
43 Interest and dividend.....	289	0	0
Total other objects.....	4,777,913	5,171,000	6,289,000
Total direct obligations.....	8,394,537	9,031,000	10,705,000
Position Data:			
Average Salary, GM/GS positions.....	$34,761	$35,000	$33,760
Average Grade, GS positions.....	10.2	10.2	10.1

HUMAN NUTRITION INFORMATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Human Nutrition Information Service to perform applied research and demonstrations relating to human nutrition and consumer use and economics of food utilization [$9,145,000] $10,705,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

SALARIES AND EXPENSES

Appropriation Act, 1990		$ 9,145,000
Budget Estimate, 1991		10,705,000
Increase in Appropriation		+1,560,000
Adjustments in 1990		
Appropriation Act, 1990	$9,145,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-114,000	
Adjusted Base for 1990		9,031,000
Budget Estimate, 1991		10,705,000
Increase over adjusted 1990		+1,674,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Human Nutrition Information Service	$9,031,000	+$111,000	+$1,563,000	$10,705,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Amount	1991 Staff Years
1. Research, Analysis and Technical Assistance	$8,394,537	90	$9,031,000	90	$+1,674,000	$10,705,000	106
Unobligated Balance	428,463	—	—	—	—	—	—
Total available or estimate	8,823,000	90	9,031,000	90	+1,674,000	10,705,000	106
Gramm-Rudman-Hollings Reduction	—	—	114,000	—	-114,000	—	—
Total appropriation	8,823,000	90	9,145,000	90	+1,560,000	10,705,000	106

EXPLANATION OF PROGRAM

Overview of Program Development. General authority for nutrition research and education comes from the mission mandated by Congress when the Department was established in 1862. The Organic Act of 1862 called for an institution, the "general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected to agriculture and rural development." Nutrition was subsequently specified as one such subject.

Early studies on food and nutrition were begun at the end of the last century by Dr. W. O. Atwater, the first director of USDA's Office of Experiment Stations. These small scale studies were aimed at helping the working class achieve good diets at low cost. The first food consumption survey of national scope was the "Consumer Purchase Study of 1936-37" conducted jointly by USDA and the U.S. Department of Labor. This study indicated that one-third of the nation's families had diets rated poor by nutrition standards. These findings added impetus to efforts to enrich flour and bread with iron and three B vitamins and to initiate school lunch programs and more vigorous nutrition education efforts.

The types of food eaten and the dietary status of the population have been measured in subsequent nationwide studies conducted at approximately 10-year intervals—the last in 1987-88. The results of these studies reflect changes over the years in the distribution and storage (refrigeration) of products, in the availability of convenience foods (mixes and ready-made products), in technology (more commercially frozen foods and new packaging), and in incomes and lifestyles (more working women). Having available up-to-date food consumption data is essential to understanding both the dietary status of the population and the safety of the food supply.

The Research and Marketing Act of 1946 explicitly authorized research into problems of human nutrition and of the nutritive value of agriculture commodities. The role of USDA in conducting research in the fields of human nutrition, food consumption patterns, nutritive value of foods, and nutrition education activities was affirmed in the Food and Agriculture Act of 1977. Title XIV of this Act, "The National Agriculture Research Extension, and Teaching Policy Act of 1977," firmly established USDA as the lead agency in the Federal Government for research, extension, and teaching in the food and agriculture sciences. Further, it directed that research into food and human nutrition be established as a separate and distinct mission of the Department. With this legislation, Congress supported USDA's traditional emphasis on the nutritional needs of normal, healthy individuals rather than the needs of individuals requiring clinical or therapeutic dietary support. This mission was reaffirmed in the Agriculture and Food Act of 1981 and the Food Security Act of 1985.

HNIS has been specified for leadership in providing the policy basis for Federal dietary guidance to the public for several years in Conference Reports accompanying the Agriculture, Rural Development, and Related Agencies Appropriation Bill.

HNIS was established on October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agriculture Research Service. Currently the agency conducts the activities authorized under "Research Analysis and Technical Assistance" in sections 1451-1453 and 1589 of Public Law 99-198 (7 U.S.C. 3173 note and 3178a).

Agency Objectives. It is USDA policy to "promote optimal human health and well-being through improved nutrition" (Departmental Regulation 1020-4). HNIS implements this policy through five major objectives, including:

- Monitor the nutrient content of the U.S. food supply and eating patterns of Americans and the nutritional adequacy of their diets;

- Determine the nutrient content of foods available to Americans;

- Provide research-based information on the dietary status of the U.S. population and population subgroups for decisions made by Government policymakers, educators, and health professionals aimed at improving the nutritional quality of the American diet;

- Develop research-based information needed by the American public to make informed food choices;

- Provide USDA's policy coordination for the National Nutrition Monitoring System and for the development of the Dietary Guidelines for Americans. Both of these activities are coordinated with the U.S. Department of Health and Human Services (DHHS).

JUSTIFICATION OF INCREASES AND DECREASES

An increase of $1,674,000 for Research, Analysis and Technical Assistance, including 16 additional Staff-Years.

(a) An increase of $54,000 for the 1989 pay raise and $57,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $1 million for the Food Safety Initiative.

Need for Change. This increase is part of a $25 million Department-wide Food Safety Initiative in response to increased concerns over pesticide residue in food.

Nature of Change. The increase will provide for 11 additional staff-years and implementation of a Residue Exposure Assessment System. This system will utilize a new residue data bank and food grouping system to provide support for decisions and policies concerning pesticide use and residues in the food supply consumed by the total population and certain subgroups.

(c) An increase of $563,000 for educational outreach and ongoing research.

Need for change. The increase is needed to fund outreach for the 1991 Dietary Guidelines and to support the agency's ongoing research programs in food consumption, food composition, and nutrition education research. The outreach effort will get the 1991 Dietary Guidelines message to groups where it would have the greatest potential impact, such as primary and secondary school students as well as those hard-to-reach populations who may be at greatest nutritional risk--such as low-income, low literacy groups, the elderly and teenagers.

Research programs will place major emphasis on data collection for the 1992 CSFII; analyses of the 1989, 1990, and 1991 CSFII and its supplement--the Diet/Health Knowledge Survey; research to fill gaps in nutrient data needed for dietary assessments by USDA, Department of Health and Human Services, and the nutrition community; and research to provide the basis for an effective nutrition education/information program.

Nature of Change. An increase of $400,000 will provide for 5 staff years and additional supplies, equipment, and extramural contracting to promote public awareness of the 1991 Dietary Guidelines. An additional $163,000 will provide increased support for the agency's ongoing research programs.

HUMAN NUTRITION INFORMATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1989 AND ESTIMATED 1990 AND 1991

	1989		1990		1991	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Maryland	8,823,000	90	9,031,000	90	10,705,000	106
Total, Available or Estimate	8,823,000	90	9,031,000	90	10,705,000	106

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the nation's children. The programs are:

Food Stamp Program. Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The program is a Federal-State partnership with the Federal Government paying the full cost of food stamps. The Federal Government also funds over half of the expenses incurred by the States to administer the program, including recipient household certification, food coupon issuance and employment and training activities for recipients. Funds for this program are provided by direct appropriation.

Nutrition Assistance for Puerto Rico. This program provides grant funds to the Commonwealth of Puerto Rico to operate a food assistance program specifically tailored to the needs of its low-income citizens provided that the program assures assistance for the most needy persons in the jurisdiction. Puerto Rico has established eligibility standards and administrative mechanisms approved by FNS to assist low-income households with cash grants, rather than food stamps or coupons. This assistance is intended to supplement recipients' income to help them purchase food for an adequate diet. A small portion of the grant may also be used to stimulate local food production and distribution activities. Funds for this program are provided by direct appropriation.

Child Nutrition Programs. The purpose of the Child Nutrition Programs — the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs — is to assist State and local governments in providing food services for children in public and nonprofit private schools, child care institutions and summer recreation programs. FNS provides the States with cash and commodities on a per meal basis to offset the cost of food service and cash to offset a portion of State administrative expenses, sponsor administrative expenses and technical assistance. FNS also administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. In addition to the cash and commodity assistance provided for all meals, substantially higher cash rates are paid as special assistance for meals served free or at a reduced price to children from low income families. Funds for these programs are provided by direct appropriation and by transfer from Section 32.

Special Milk Program. The Special Milk Program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers and camps which have no other federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. The Food and Nutrition Service provides cash subsidies to State administered programs and directly administers the program in the States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special Supplemental Food Program (WIC). The purpose of the WIC Program is to improve the health of low income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. This is achieved by providing food packages designed to supplement each participant's diet with foods that nutritional research indicates are typically lacking in the WIC target population and by providing eligible recipients with nutrition education and access to health services. In addition to paying the full cost of the food packages, appropriated funds are provided to States for administrative and nutrition education costs for the program. Funds for this program are provided by direct appropriation.

Food Donations Programs for Selected Groups

Food Distribution Program on Indian Reservations (FDPIR). This program provides nutrition assistance to low income American Indians living on or near reservations. Through monthly distribution from local warehouses, participating Indians receive a variety of commodities to help maintain a healthy diet. Participating agencies can order food items according to households' preferences. They also receive information on proper nutrition, food storage, sanitary food preparation methods and suggestions for use of the commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Nutrition Program for the Elderly. This program provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and through reducing the isolation of old age. USDA participates in this program by supplementing the Department of Health and Human Services' funding for programs for the elderly with cash and commodities on a per meal basis for each meal served to an elderly person. Funds for this program are provided by direct appropriation.

Commodities for Soup Kitchens. The Hunger Prevention Act of 1988 mandates the purchase and distribution of $32 million worth of commodities to soup kitchens and food banks in Fiscal Year 1991. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities. In instances when these commodities cannot be used by these organizations, States provide such commodities to other public and charitable institutions that maintain an established operation involving the provision of food or edible commodities to food pantries, soup kitchens, hunger relief centers or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities.

Commodity Supplemental Food Program (CSFP). The first priority of the CSFP is to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their sixth birthday, a target population similar to that of the WIC Program. The next priority of CSFP is to provide supplemental food packages to improve the health of the low income elderly — 60 years of age or older. The foods are purchased directly by the Department of Agriculture and distributed through State and local agencies to eligible women, infants, children and the elderly. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 15 percent of appropriated funding plus 15 percent of the value of donated commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Temporary Emergency Food Assistance Program (TEFAP). The Temporary Emergency Food Assistance Program makes available to States surplus foods from USDA farm support program inventories. The program also provides funds to States to aid in the intrastate storage and distribution of these foods. In addition to surplus commodities, USDA also purchases and distributes to States foods that are high in nutrient density, easily and safely stored and are convenient to use and consume. The allocation of both commodities and administrative expense grants to the States is based on a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level. Funds for this program are provided by direct appropriation.

Food Program Administration. This account funds Federal personnel compensation, benefits and other operating expenses of the Food and Nutrition Service. FNS administers the Food Stamp, Child Nutrition, Special Supplemental Food and other programs described above in a Federal-State partnership in which State agencies and local entities directly operate most programs. FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Agency headquarters are in Alexandria, Virginia. Regional offices are at seven locations: Boston, Massachusetts; Robbinsville, New Jersey; Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; and San Francisco, California. On September 30, 1989, FNS employed 1,937 full time permanent and 49 part time and temporary employees, of which 629 were in the headquarters office and 1,357 in the field. Of the field total, 924 employees were stationed in seven regional offices and the balance in six Food Stamp Compliance offices; one computer support center in Minneapolis, Minnesota; five Administrative Review offices; and 66 field offices. Funds for these activities are provided by direct appropriation.

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual Amount	1989 Staff Years	1990 Estimated Amount	1990 Staff Years	1991 Estimated Amount	1991 Staff Years
Child Nutrition Programs:						
Appropriation	497,544,000		730,882,000		473,575,000	
Transfer from Section 32	4,093,272,000		4,156,554,000		4,632,259,000	
Total - Child Nutrition Programs	[a] 4,590,816,000	106	[b] 4,887,436,000	135	[c] 5,105,834,000	185
Special Milk Program	[d] 19,925,000		[e] 20,309,000		[f] 19,268,000	
Special Supplemental Food Program (WIC)	[g] 1,929,362,000		[h] 2,125,958,000		2,215,248,000	
Food Stamp Program	13,823,579,000		[i] 15,706,339,000		15,976,681,000	
Food Donations Programs	[j] 289,147,000		[k] 308,090,000		319,670,000	
Temporary Emergency Food Assistance Program	170,000,000		[l] 169,395,000		170,000,000	
Food Program Administration	89,223,000	1,793	[m] 91,727,000	1,885	96,778,000	1,885
Total, Food and Nutrition Service Funds	20,912,052,000	1,899	23,309,254,000	2,020	23,903,479,000	2,070
Obligations under other USDA Appropriations:						
Human Nutrition Information Service for Administrative Support	210,000	5	210,000	5	210,000	5
Office of Finance and Management	85,000	1				
Farmers Home Administration	16,712					
Soil Conservation Service	69,431	1				
Miscellaneous Reimbursements	7,966					
Total, Other USDA Appropriations	389,109	7	210,000	5	210,000	5

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1989 Actual and Estimated, 1990 and 1991

Item	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	1991 Estimated Amount	1991 Estimated Staff Years
Other Federal Funds:						
Army Audit Agency for Health Services.....	9,242	1				
Department of Health and Human Services.....	7,186					
Total, Other Federal Funds..	16,428	1				
Total, Food and Nutrition Service.....	20,912,457,537	1,907	23,309,464,000	2,025	23,903,689,000	2,075

Full-Time Equivalent Staff Years:	1989 Actual	1990 Estimated	1991 Estimated
Ceiling.....	1,907	2,025	2,075
Non-Ceiling.....	33	37	37
Total.....	1,940	2,062	2,112

[a] Excludes $266,243,759 in unobligated balances.
[b] Excludes $240,601,407 in unobligated balances and reflects $58,000 in sequestered amounts.
[c] Excludes $178,761,000 in unobligated balances.
[d] Excludes $3,563,666 in unobligated balances.
[e] Excludes $3,583,217 in unobligated balances and reflects $140,000 in sequestered amounts.
[f] Excludes $2,949,217 in unobligated balances.
[g] Excludes $4,047 in unobligated balances and $136,801 in recoveries of PY obligations.
[h] Excludes $440,003 in unobligated balances and reflects $42,000 in sequestered amounts.
[i] Reflects the sequestered amount of $757,000 in Other Program Costs.
[j] Excludes $10,250,534 in unobligated balances and $485,554 in recoveries of PY obligations.
[k] Excludes $3,733,424 in unobligated balances and reflects $3,448,000 in sequestered amounts.
[l] Reflects $605,000 in sequestered amounts.
[m] Excludes $3,931 in unobligated balances and reflects $1,299,000 in sequestered amounts.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1989 and Estimated 1990 and 1991

	1989			1990			1991		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	2	1	3	2	1	3	2	1	3
ES-4	3	6	9	3	6	9	3	6	9
ES-3	2	0	2	2	0	2	2	0	2
ES-2	1	0	1	1	0	1	1	0	1
ES-1	0	0	0	0	0	0	0	0	0
GS/GM-15	24	7	31	24	7	31	24	7	31
GS/GM-14	62	34	96	62	34	96	62	34	96
GS/GM-13	118	75	193	125	75	200	129	75	204
GS-12	137	212	349	145	223	368	150	230	380
GS-11	137	351	488	145	369	514	150	379	529
GS-10		0	0						
GS-9	31	194	225	33	204	237	34	210	244
GS-8	7	6	13	7	6	13	7	6	13
GS-7	52	122	174	55	128	183	57	132	189
GS-6	50	52	102	50	52	102	50	52	102
GS-5	44	141	185	46	148	194	47	152	199
GS-4	17	41	58	18	43	61	19	44	63
GS-3	9	8	17	10	8	18	10	8	18
GS-2	4	2	6	4	2	6	4	2	6
GS-1	0	0	0	0	0	0	0	0	0
Ungraded Positions	5	0	5	5	0	5	5	0	5
Total Permanent Positions.....	705	1,252	1,957	737	1,306	2,043	756	1,338	2,094
Staff-Years:									
Ceiling.....	687	1,220	1,907	729	1,296	2,025	747	1,328	2,075
Non-Ceiling.....	3	30	33	7	30	37	7	30	37
TOTAL.....	690	1,250	1,940	736	1,326	2,062	754	1,358	2,112

FOOD AND NUTRITION SERVICE

CLASSIFICATION BY OBJECTS

(dollars in thousands)

	Actual 1989	Estimated 1990	Estimated 1991
Personnel Compensation:			
Headquarters	$25,919	$27,448	$28,760
Field	37,490	40,176	43,289
11 Total personnel compensation	63,409	67,624	72,049
11.1 Full-time permanent	61,460	65,891	70,278
11.3 Other than full-time permanent	1,258	1,360	1,390
11.9 Special personal services	691	373	381
12 Personnel benefits	10,522	11,246	11,976
13 Benefits for former personnel	110	46	46
Total pers. compensation and benefits	74,041	78,916	84,071
Other objects:			
21 Travel	3,713	3,639	4,280
22 Transportation of things	2,975	3,056	3,235
23.1 Rental payments to GSA			
23.2 Rental payments to others	333	450	469
23.3 Communications, utilities and misc. charges	4,755	5,047	5,237
24 Printing and reproduction	22,217	23,775	24,677
25 Other services	42,452	47,298	50,749
26 Supplies and materials (incl. commodities)	438,548	484,533	491,170
31 Equipment	3,250	1,529	2,018
32 Land and structures			
41 Grants, subsidies and contributions	20,350,800	22,727,662	23,019,284
42 Insurance claims and indemnities	26		
43 Interest and dividends	3		
Total other objects	20,869,072	23,296,989	23,601,119
Total direct obligations	20,943,113	23,375,905	23,685,190
Position Data:			
Average Salary, ES positions	$ 72,525	$ 75,136	$ 83,401
Average Salary, GM/GS positions	$ 31,395	$ 33,301	$ 34,147
Average Grade, GM/GS positions	9.7	9.7	9.7

FOOD AND NUTRITION SERVICE

Reports of Audits and Investigations of National Significance
Received during Fiscal Year 1989

Program/Activity Reviewed	Report Number	Date Issued	Subject
Reports From the Office of the Inspector General			
Child Nutrition	27099-25SF	06/20/89	Contracting of Food Service to Management Companies in the National School Lunch Program
Food Distribution	27099-79Ch	03/13/89	Commodity Processing Operations-Yield Shortages
Food Stamp, Financial Management	27019-38-Hy	09/29/89	Redemption Accountability Pilot
Reports from the General Accounting Office			
Child Nutrition	RCED-89-218	09/26/89	Buy American Procedures at Commodity Schools
Food Assistance Programs	RCED-89-177	09/29/89	Nutritional Adequacy of Primary Food Programs on Four Indian Reservations
Food Stamp	RCED-88-176	10/21/88	Administrative Hindrances to Participation
Food Stamp	PEMD-89-5BR	12/08/88	Reasons for Non-Participation
Food Stamp	AFMD-89-22	03/15/89	FNS Financial Statements FY 1987
Food Stamp	HRD-89-62	03/31/89	Implementation of Alien Verification
Food Stamp	RCED-89-81	07/10/89	Participation Terminated for Procedural Non-Compliance Causes and Benefit Loss
Food Stamp	HRD-129-BR	08/17/89	Survey of Alabama Welfare Reform

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,025,352	3,115,124	3,223,888	108,764
b. School Breakfast Program	514,498	563,926	606,036	42,110
c. Child and Adult Care Food Program	655,932	757,288	794,401	37,113
d. Summer Food Service Program	147,824	170,872	179,716	8,844
e. State administrative expenses	58,411	60,647	64,389	3,742
TOTAL, Cash payments to States	4,402,017	4,667,857	4,868,430	200,573
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	176,514	207,837	223,666	15,829
b. AMS Section 32 commodities	350,900	350,900	350,900	0
c. CCC bonus commodities	0	0	0	0
d. AMS bonus commodities	0	0	0	0
TOTAL, Commodities to States	527,414	558,737	574,566	15,829
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,085	3,142	3,085	-57
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	5,200	3,600	5,653	2,053
TOTAL, Nutrition studies and education	12,285	11,742	13,738	1,996
TOTAL, Child Nutrition Programs	4,941,716	5,238,336	5,456,734	218,398
LESS: AMS Section 32 commodities	350,900	350,900	350,900	0
CCC bonus commodities	0	0	0	0
AMS bonus commodities	0	0	0	0
TOTAL, FNS Child Nutrition Account	4,590,816	4,887,436	5,105,834	218,398
B. Special Milk Program: Cash Payments	19,925	20,309	19,268	-1,041
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,926,362	2,121,000	2,210,248	89,248
2. Studies and evaluations	3,000	4,958	5,000	42
TOTAL, FNS Special Supplemental Food Program Account	1,929,362	2,125,958	2,215,248	89,290
D. Food Stamp Program:				
1. Benefit costs	11,618,593	13,401,276	14,134,276	733,000
2. State administrative costs	1,100,193	1,165,603	1,230,222	64,619
3. Other program costs	196,543	202,710	212,183	9,473
4. Excess state error liabilities	0	0	-100,000	-100,000
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	500,000	500,000
7. Adjustments in expired accounts	0	0	0	0
8. Nutrition Assistance for Puerto Rico	908,250	936,750	0	-936,750
TOTAL, FNS Food Stamp Program Account	13,823,579	15,706,339	15,976,681	270,342

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	41,758	43,530	58,011	14,481
b. Distributing agency administrative costs	16,096	16,610	16,830	220
c. Section 32 bonus commodities	0	0	0	
d. Section 416 bonus commodities	0	0	0	
TOTAL, Food Distribution Program on Reservations	57,854	60,140	74,841	14,701
LESS: Bonus commodities	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	57,854	60,140	74,841	14,701
2. Nutrition Program for the Elderly:				
a. Commodities	9,301	9,327	9,743	416
b. Cash in lieu of commodities	131,992	134,155	140,154	5,999
c. Section 32 Bonus Commodities	0	0	0	
d. Section 416 Bonus Commodities	0	0	0	
TOTAL, Nutrition Program for the Elderly	141,293	143,482	149,897	6,415
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account	141,293	143,482	149,897	6,415
3. Commodities for Soup Kitchens	40,000	39,440	32,000	-7,440
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	38,812	53,530	49,863	-3,667
b. Payments to distributing agencies for administration	7,500	9,754	9,440	-314
c. Special administrative funds	3,688	1,744	3,629	1,885
d. CCC donations	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	50,000	65,028	62,932	-2,096
LESS: CCC Donations	0	0	0	0
TOTAL, FNS CSFP Account	50,000	65,028	62,932	-2,096
TOTAL, FNS Food Donations Programs Account	289,147	308,090	319,670	11,580
F. Temporary Emergency Food Assistance Program (TEFAP)				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	0	0	0	0
3. TEFAP Administrative Expense	50,000	49,822	50,000	178
TOTAL, Temporary Emergency Food Assistance Program	170,000	169,395	170,000	605
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS TEFAP Account	170,000	169,395	170,000	605

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
2. Summer Camps				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets	0	0	0	0
H. Food Program Administration:				
1. Child nutrition	28,855	29,665	31,297	1,632
2. Special milk	161	165	175	10
3. Supplemental feeding	7,298	7,503	7,917	414
4. Food stamp	51,035	52,468	55,357	2,889
5. Cash and commodity subsidies	1,874	1,926	2,032	106
TOTAL, Food Program Administration	89,223	91,727	96,778	5,051
GRAND TOTAL, Food Assistance	21,262,952	23,660,154	24,254,379	594,225
LESS: Section 32 commodities for Child Nutriton	350,900	350,900	350,900	0
AMS bonus commodities	0	0	0	0
CCC bonus commodities	0	0	0	0
TOTAL, FNS Accounts	20,912,052	23,309,254	23,903,479	594,225

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,082,247	3,213,869	3,402,649	188,780
b. School Breakfast Program	513,032	564,367	606,036	41,669
c. Child and Adult Care Food Program	677,431	716,866	794,401	77,535
d. Summer Food Service Program	146,672	163,344	179,716	16,372
e. State administrative expenses	59,802	59,886	64,389	4,503
TOTAL, Cash payments to States	4,479,184	4,718,332	5,047,191	328,859
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	182,715	217,899	223,666	5,767
b. AMS Section 32 commodities	342,071	350,900	350,900	0
c. CCC bonus commodities	260,713	260,713	260,713	0
d. AMS bonus commodities	68,507	68,507	68,507	0
TOTAL, Commodities to States	854,006	898,019	903,786	5,767
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,037	3,042	3,085	43
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	3,797	5,003	5,653	650
TOTAL, Nutrition studies and education	10,834	13,045	13,738	693
TOTAL, Child Nutrition Programs	5,344,024	5,629,396	5,964,715	335,319
LESS: AMS Section 32 commodities	342,071	350,900	350,900	0
CCC bonus commodities	260,713	260,713	260,713	0
AMS bonus commodities	68,507	68,507	68,507	0
TOTAL, FNS Child Nutrition Account	4,672,733	4,949,276	5,284,595	335,319
B. Special Milk Program: Cash Payments	19,905	20,943	22,218	1,275
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,925,926	2,121,440	2,210,248	88,808
2. Studies and evaluations	3,000	4,958	5,000	42
TOTAL, FNS Special Supplemental Food Program Account	1,928,926	2,126,398	2,215,248	88,850
D. Food Stamp Program:				
1. Benefit costs	11,604,412	13,401,276	14,134,276	733,000
2. State administrative costs	1,076,574	1,165,603	1,230,222	64,619
3. Other program costs	178,541	202,710	212,183	9,473
4. Excess state error liabilities	0	0	0	0
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	0	0
7. Adjustments in expired accounts	0	0	0	0
8. Nutrition Assistance for Puerto Rico	908,250	936,750	0	-936,750
TOTAL, FNS Food Stamp Program Account	13,767,777	15,706,339	15,576,681	-129,658

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	41,696	43,530	58,011	14,481
b. Distributing agency administrative costs	15,383	16,610	16,830	220
c. Section 32 bonus commodities	0	0	0	0
d. Section 416 bonus commodities	8,185	8,185	8,185	0
TOTAL, Food Distribution Program on Reservations	65,264	68,325	83,026	14,701
LESS: Bonus commodities	8,185	8,185	8,185	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	57,079	60,140	74,841	14,701
2. Nutrition Program for the Elderly:				
a. Commodities	9,301	9,327	9,743	416
b. Cash in lieu of commodities	131,562	134,155	140,154	5,999
c. Section 32 Bonus Commodities	1,545	1,545	1,545	0
d. Section 416 Bonus Commodities	1,978	1,978	1,978	0
TOTAL, Nutrition Program for the Elderly	144,386	147,005	153,420	6,415
LESS: Bonus Commodities	3,523	3,523	3,523	0
TOTAL, FNS Nutrition Program for the Elderly Account	140,863	143,482	149,897	6,415
3. Commodities for Soup Kitchens	40,000	39,440	32,000	-7,440
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	46,404	57,263	49,863	-7,400
b. Payments to distributing agencies for administration	7,860	9,754	9,440	-314
c. Special administrative funds	2,739	1,744	3,629	1,885
d. CCC donations	21,059	9,059	21,059	12,000
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	78,062	77,820	83,991	6,171
LESS: CCC Donations	21,059	9,059	21,059	12,000
TOTAL, FNS CSFP Account	57,003	68,761	62,932	-5,829
TOTAL, FNS Food Donations Programs Account	294,945	311,823	319,670	7,847
F. Temporary Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	135,164	135,164	135,164	0
3. TEFAP Administrative Expense	49,999	49,822	50,000	178
TOTAL, Temporary Emergency Food Assistance Program	305,163	304,559	305,164	605
LESS: Bonus Commodities	135,164	135,164	135,164	0
TOTAL, FNS TEFAP Account	169,999	169,395	170,000	605

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	5,094	5,094	5,094	0
b. Section 416 commodities	109,876	109,876	109,876	0
2. Summer Camps				
a. Section 32 commodities	6	6	6	0
b. Section 416 commodities	3,164	3,164	3,164	0
3. Disaster Feeding				
a. Section 32 commodities	22	22	22	0
b. Section 416 commodities	65	65	65	0
TOTAL, Bonus Commodities to Other Outlets	118,227	118,227	118,227	0
H. Food Program Administration:				
1. Child nutrition	28,858	29,734	31,366	1,632
2. Special milk	161	165	175	10
3. Supplemental feeding	7,299	7,521	7,934	413
4. Food stamp	51,042	52,590	55,476	2,886
5. Cash and commodity subsidies	1,874	1,931	2,037	106
TOTAL, Food Program Administration	89,234	91,941	96,988	5,047
GRAND TOTAL, Food Assistance	21,900,968	24,342,393	24,651,678	309,285
LESS: Section 32 commodities for Child Nutriton	342,071	350,900	350,900	0
AMS bonus commodities	75,174	75,174	75,174	0
CCC bonus commodities	540,204	540,204	540,204	0
TOTAL, FNS Accounts	20,943,519	23,376,115	23,685,400	309,285

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,022,905	3,254,487	3,376,597	122,110
b. School Breakfast Program	499,112	569,478	600,286	30,808
c. Child and Adult Care Food Program	679,615	786,331	866,206	79,875
d. Summer Food Service Program	110,455	161,552	177,456	15,904
e. State administrative expenses	50,421	64,136	62,295	-1,841
TOTAL, Cash payments to States	4,362,508	4,835,984	5,082,840	246,856
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	182,715	217,899	223,666	5,767
b. AMS Section 32 commodities	342,071	350,900	350,900	0
c. CCC bonus commodities	0	0	0	0
d. AMS bonus commodities	0	0	0	0
TOTAL, Commodities to States	524,786	568,799	574,566	5,767
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,085	3,042	3,085	43
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	3,273	4,313	5,563	1,250
TOTAL, Nutrition studies and education	10,358	12,355	13,648	1,293
TOTAL, Child Nutrition Programs	4,897,652	5,417,138	5,671,054	253,916
LESS: AMS Section 32 commodities	342,071	350,900	350,900	0
CCC bonus commodities	0	0	0	0
AMS bonus commodities	0	0	0	0
TOTAL, FNS Child Nutrition Account	4,555,581	5,066,238	5,320,154	253,916
B. Special Milk Program: Cash Payments	18,544	18,931	21,958	3,027
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,939,784	2,120,400	2,205,186	84,786
2. Studies and evaluations	2,310	7,095	4,998	-2,097
TOTAL, FNS Special Supplemental Food Program Account	1,942,094	2,127,495	2,210,184	82,689
D. Food Stamp Program:				
1. Benefit costs	11,604,942	13,411,580	14,134,203	722,623
2. State administrative costs	1,054,432	1,195,318	1,222,939	27,621
3. Other program costs	159,546	239,855	208,176	-31,679
4. Excess state error liabilities	0	0	-100,000	-100,000
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	0	0
7. Adjustments in expired accounts	0	-477,407	0	477,407
8. Nutrition Assistance for Puerto Rico	906,173	936,986	1,874	-935,112
TOTAL, FNS Food Stamp Program Account	13,725,093	15,306,332	15,467,192	160,860

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	32,295	45,442	54,970	9,528
b. Distributing agency administrative costs	13,149	15,664	16,783	1,119
c. Section 32 bonus commodities	0	0	0	0
d. Section 416 bonus commodities	0	0	0	0
TOTAL, Food Distribution Program on Reservations	45,444	61,106	71,753	10,647
LESS: Bonus commodities	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	45,444	61,106	71,753	10,647
2. Nutrition Program for the Elderly:				
a. Commodities	10,301	8,574	9,656	1,082
b. Cash in lieu of commodities	133,639	134,486	138,894	4,408
c. Section 32 Bonus Commodities				
d. Section 416 Bonus Commodities				
TOTAL, Nutrition Program for the Elderly	143,940	143,060	148,550	5,490
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account	143,940	143,060	148,550	5,490
3. Commodities for Soup Kitchens	39,982	39,458	32,000	-7,458
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	43,228	56,396	50,507	-5,889
b. Payments to distributing agencies for administration	7,396	9,818	9,467	-351
c. Special administrative funds	2,215	2,117	3,465	1,348
d. CCC donations	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	52,839	68,331	63,439	-4,892
LESS: CCC Donations	0	0	0	0
TOTAL, FNS CSFP Account	52,839	68,331	63,439	-4,892
TOTAL, FNS Food Donations Programs Account	282,205	311,955	315,742	3,787
F. Temporary Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	0	0	0	0
3. TEFAP Administrative Expense	40,846	52,518	49,928	-2,590
TOTAL, Temporary Emergency Food Assistance Program	160,846	172,091	169,928	-2,163
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS TEFAP Account	160,846	172,091	169,928	-2,163

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
2. Summer Camps				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets	0	0	0	0
H. Food Program Administration:				
1. Child nutrition	29,084	30,045	31,118	1,073
2. Special milk	162	167	173	6
3. Supplemental feeding	7,356	7,600	7,871	271
4. Food stamp	51,441	53,141	55,039	1,898
5. Cash and commodity subsidies	1,889	1,951	2,021	70
TOTAL, Food Program Administration	89,932	92,904	96,222	3,318
GRAND TOTAL, Food Assistance	21,116,366	23,446,846	23,952,280	505,434
LESS: Section 32 commodities for Child Nutriton	342,071	350,900	350,900	0
AMS bonus commodities	0	0	0	0
CCC bonus commodities	0	0	0	0
TOTAL, FNS Accounts	20,774,295	23,095,946	23,601,380	505,434

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,025,352	3,105,528	3,150,760	45,232
b. School Breakfast Program	514,498	563,926	606,036	42,110
c. Child and Adult Care Food Program	655,932	757,288	513,249	-244,039
d. Summer Food Service Program	147,824	170,872	179,716	8,844
e. State administrative expenses	58,411	60,647	64,389	3,742
TOTAL, Cash payments to States	4,402,017	4,658,261	4,514,150	-144,111
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	176,514	194,035	115,682	-78,353
b. AMS Section 32 commodities	350,900	350,900	350,900	0
c. CCC bonus commodities	0	0	0	0
d. AMS bonus commodities	0	0	0	0
TOTAL, Commodities to States	527,414	544,935	466,582	-78,353
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,085	3,142	3,085	-57
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	5,200	3,600	5,653	2,053
TOTAL, Nutrition studies and education	12,285	11,742	13,738	1,996
TOTAL, Child Nutrition Programs	4,941,716	5,214,938	4,994,470	-220,468
LESS: AMS Section 32 commodities	350,900	350,900	350,900	0
CCC bonus commodities	0	0	0	0
AMS bonus commodities	0	0	0	0
TOTAL, FNS Child Nutrition Account	4,590,816	4,864,038	4,643,570	-220,468
B. Special Milk Program: Cash Payments	19,925	20,309	19,268	-1,041
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,926,362	2,121,000	2,210,248	89,248
2. Studies and evaluations	3,000	4,958	5,000	42
TOTAL, FNS Special Supplemental Food Program Account	1,929,362	2,125,958	2,215,248	89,290
D. Food Stamp Program:				
1. Benefit costs	11,618,593	13,401,276	14,084,276	683,000
2. State administrative costs	1,100,193	1,165,603	1,230,222	64,619
3. Other program costs	196,543	202,710	192,183	-10,527
4. Excess state error liabilities	0	0	-100,000	-100,000
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	500,000	500,000
7. Adjustments in expired accounts	0	0	0	0
8. Nutrition Assistance for Puerto Rico	908,250	936,750	0	-936,750
TOTAL, FNS Food Stamp Program Account	13,823,579	15,706,339	15,906,681	200,342

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	41,758	43,530	58,011	14,481
b. Distributing agency administrative costs	16,096	16,610	16,830	220
c. Section 32 bonus commodities				
d. Section 416 bonus commodities				
TOTAL, Food Distribution Program on Reservations	57,854	60,140	74,841	14,701
LESS: Bonus commodities	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	57,854	60,140	74,841	14,701
2. Nutrition Program for the Elderly:				
a. Commodities	9,301	9,327	9,743	416
b. Cash in lieu of commodities	131,992	134,155	140,154	5,999
c. Section 32 Bonus Commodities				
d. Section 416 Bonus Commodities				
TOTAL, Nutrition Program for the Elderly	141,293	143,482	149,897	6,415
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account	141,293	143,482	149,897	6,415
3. Commodities for Soup Kitchens	40,000	39,440	32,000	-7,440
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	38,812	53,530	49,863	-3,667
b. Payments to distributing agencies for administration	7,500	9,754	9,440	-314
c. Special administrative funds	3,688	1,744	3,629	1,885
d. CCC donations	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	50,000	65,028	62,932	-2,096
LESS: CCC Donations	0	0	0	0
TOTAL, FNS CSFP Account	50,000	65,028	62,932	-2,096
TOTAL, FNS Food Donations Programs Account	289,147	308,090	319,670	11,580
F. Temporary Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	0	0	0	0
3. TEFAP Administrative Expense	50,000	49,822	50,000	178
TOTAL, Temporary Emergency Food Assistance Program	170,000	169,395	170,000	605
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS TEFAP Account	170,000	169,395	170,000	605

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
2. Summer Camps				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets	0	0	0	0
H. Food Program Administration:				
1. Child nutrition	28,855	29,665	31,297	1,632
2. Special milk	161	165	175	10
3. Supplemental feeding	7,298	7,503	7,917	414
4. Food stamp	51,035	52,468	55,357	2,889
5. Cash and commodity subsidies	1,874	1,926	2,032	106
TOTAL, Food Program Administration	89,223	91,727	96,778	5,051
GRAND TOTAL, Food Assistance	21,262,952	23,636,756	23,722,115	85,359
LESS: Section 32 commodities for Child Nutriton	350,900	350,900	350,900	0
AMS bonus commodities	0	0	0	0
CCC bonus commodities	0	0	0	0
TOTAL, FNS Accounts	20,912,052	23,285,856	23,371,215	85,359

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,082,247	3,204,273	3,329,521	125,248
b. School Breakfast Program	513,032	564,367	606,036	41,669
c. Child and Adult Care Food Program	677,431	716,866	513,249	-203,617
d. Summer Food Service Program	146,672	163,344	179,716	16,372
e. State administrative expenses	59,802	59,886	64,389	4,503
TOTAL, Cash payments to States	4,479,184	4,708,736	4,692,911	-15,825
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	182,715	204,097	115,682	-88,415
b. AMS Section 32 commodities	342,071	350,900	350,900	0
c. CCC bonus commodities	260,713	260,713	260,713	0
d. AMS bonus commodities	68,507	68,507	68,507	0
TOTAL, Commodities to States	854,006	884,217	795,802	-88,415
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,037	3,042	3,085	43
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	3,797	5,003	5,653	650
TOTAL, Nutrition studies and education	10,834	13,045	13,738	693
TOTAL, Child Nutrition Programs	5,344,024	5,605,998	5,502,451	-103,547
LESS: AMS Section 32 commodities	342,071	350,900	350,900	0
CCC bonus commodities	260,713	260,713	260,713	0
AMS bonus commodities	68,507	68,507	68,507	0
TOTAL, FNS Child Nutrition Account	4,672,733	4,925,878	4,822,331	-103,547
B. Special Milk Program: Cash Payments	19,905	20,943	22,218	1,275
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,925,926	2,121,440	2,210,248	88,808
2. Studies and evaluations	3,000	4,958	5,000	42
TOTAL, FNS Special Supplemental Food Program Account	1,928,926	2,126,398	2,215,248	88,850
D. Food Stamp Program:				
1. Benefit costs	11,604,412	13,401,276	14,084,276	683,000
2. State administrative costs	1,076,574	1,165,603	1,230,222	64,619
3. Other program costs	178,541	202,710	192,183	-10,527
4. Excess state error liabilities	0	0	0	0
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	0	0
7. Adjustments in expired accounts	0	0	0	0
8. Nutrition Assistance for Puerto Rico	908,250	936,750	0	-936,750
TOTAL, FNS Food Stamp Program Account	13,767,777	15,706,339	15,506,681	-199,658

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	41,696	43,530	58,011	14,481
b. Distributing agency administrative costs	15,383	16,610	16,830	220
c. Section 32 bonus commodities	0	0	0	0
d. Section 416 bonus commodities	8,185	8,185	8,185	0
TOTAL, Food Distribution Program on Reservations	65,264	68,325	83,026	14,701
LESS: Bonus commodities	8,185	8,185	8,185	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	57,079	60,140	74,841	14,701
2. Nutrition Program for the Elderly:				
a. Commodities	9,301	9,327	9,743	416
b. Cash in lieu of commodities	131,562	134,155	140,154	5,999
c. Section 32 Bonus Commodities	1,545	1,545	1,545	0
d. Section 416 Bonus Commodities	1,978	1,978	1,978	0
TOTAL, Nutrition Program for the Elderly	144,386	147,005	153,420	6,415
LESS: Bonus Commodities	3,523	3,523	3,523	0
TOTAL, FNS Nutrition Program for the Elderly Account	140,863	143,482	149,897	6,415
3. Commodities for Soup Kitchens	40,000	39,440	32,000	-7,440
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	46,404	57,263	49,863	-7,400
b. Payments to distributing agencies for administration	7,860	9,754	9,440	-314
c. Special administrative funds	2,739	1,744	3,629	1,885
d. CCC donations	21,059	9,059	21,059	12,000
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	78,062	77,820	83,991	6,171
LESS: CCC Donations	21,059	9,059	21,059	12,000
TOTAL, FNS CSFP Account	57,003	68,761	62,932	-5,829
TOTAL, FNS Food Donations Programs Account	294,945	311,823	319,670	7,847
F. Temporary Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	135,164	135,164	135,164	0
3. TEFAP Administrative Expense	49,999	49,822	50,000	178
TOTAL, Temporary Emergency Food Assistance Program	305,163	304,559	305,164	605
LESS: Bonus Commodities	135,164	135,164	135,164	0
TOTAL, FNS TEFAP Account	169,999	169,395	170,000	605

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	5,094	5,094	5,094	0
b. Section 416 commodities	109,876	109,876	109,876	0
2. Summer Camps				
a. Section 32 commodities	6	6	6	0
b. Section 416 commodities	3,164	3,164	3,164	0
3. Disaster Feeding				
a. Section 32 commodities	22	22	22	0
b. Section 416 commodities	65	65	65	0
TOTAL, Bonus Commodities to Other Outlets	118,227	118,227	118,227	0
H. Food Program Administration:				
1. Child nutrition	28,858	29,734	31,366	1,632
2. Special milk	161	165	175	10
3. Supplemental feeding	7,299	7,521	7,934	413
4. Food stamp	51,042	52,590	55,476	2,886
5. Cash and commodity subsidies	1,874	1,931	2,037	106
TOTAL, Food Program Administration	89,234	91,941	96,988	5,047
GRAND TOTAL, Food Assistance	21,900,968	24,318,995	24,119,414	-199,581
LESS: Section 32 commodities for Child Nutriton	342,071	350,900	350,900	0
AMS bonus commodities	75,174	75,174	75,174	0
CCC bonus commodities	540,204	540,204	540,204	0
TOTAL, FNS Accounts	20,943,519	23,352,717	23,153,136	-199,581

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program	3,022,905	3,246,215	3,312,237	66,022
b. School Breakfast Program	499,112	569,478	600,286	30,808
c. Child and Adult Care Food Program	679,615	786,331	623,853	-162,478
d. Summer Food Service Program	110,455	161,552	177,456	15,904
e. State administrative expenses	50,421	64,136	62,295	-1,841
TOTAL, Cash payments to States	4,362,508	4,827,712	4,776,127	-51,585
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities	182,715	204,097	115,682	-88,415
b. AMS Section 32 commodities	342,071	350,900	350,900	0
c. CCC bonus commodities	0	0	0	0
d. AMS bonus commodities	0	0	0	0
TOTAL, Commodities to States	524,786	554,997	466,582	-88,415
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)	2,085	3,042	3,085	43
b. Nutrition education and training, section 19	5,000	5,000	5,000	0
c. Child Nutrition Federal Review System	3,273	4,313	5,563	1,250
TOTAL, Nutrition studies and education	10,358	12,355	13,648	1,293
TOTAL, Child Nutrition Programs	4,897,652	5,395,064	5,256,357	-138,707
LESS: AMS Section 32 commodities	342,071	350,900	350,900	0
CCC bonus commodities	0	0	0	0
AMS bonus commodities	0	0	0	0
TOTAL, FNS Child Nutrition Account	4,555,581	5,044,164	4,905,457	-138,707
B. Special Milk Program: Cash Payments	18,544	18,931	21,958	3,027
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States	1,939,784	2,120,400	2,205,186	84,786
2. Studies and evaluations	2,310	7,095	4,998	-2,097
TOTAL, FNS Special Supplemental Food Program Account	1,942,094	2,127,495	2,210,184	82,689
D. Food Stamp Program:				
1. Benefit costs	11,604,942	13,411,580	14,084,208	672,628
2. State administrative costs	1,054,432	1,195,318	1,222,939	27,621
3. Other program costs	159,546	239,855	190,430	-49,425
4. Excess state error liabilities	0	0	-100,000	-100,000
5. Transfer to extension Service	0	0	0	0
6. Unobligated balance, lapsing	0	0	0	0
7. Adjustments in expired accounts	0	-477,407	0	477,407
8. Nutrition Assistance for Puerto Rico	906,173	936,986	1,874	-935,112
TOTAL, FNS Food Stamp Program Account	13,725,093	15,306,332	15,399,451	93,119

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
E. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps	32,295	45,442	54,970	9,528
b. Distributing agency administrative costs	13,149	15,664	16,783	1,119
c. Section 32 bonus commodities	0	0	0	0
d. Section 416 bonus commodities	0	0	0	0
TOTAL, Food Distribution Program on Reservations	45,444	61,106	71,753	10,647
LESS: Bonus commodities	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account	45,444	61,106	71,753	10,647
2. Nutrition Program for the Elderly:				
a. Commodities	10,301	8,574	9,656	1,082
b. Cash in lieu of commodities	133,639	134,486	138,894	4,408
c. Section 32 Bonus Commodities				
d. Section 416 Bonus Commodities				
TOTAL, Nutrition Program for the Elderly	143,940	143,060	148,550	5,490
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account	143,940	143,060	148,550	5,490
3. Commodities for Soup Kitchens	39,982	39,458	32,000	-7,458
4. Commodity Supplemental Food Program (CSFP):				
a. Commodities for supplemental food	43,228	56,396	50,507	-5,889
b. Payments to distributing agencies for administration	7,396	9,818	9,467	-351
c. Special administrative funds	2,215	2,117	3,465	1,348
d. CCC donations	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)	52,839	68,331	63,439	-4,892
LESS: CCC Donations	0	0	0	0
TOTAL, FNS CSFP Account	52,839	68,331	63,439	-4,892
TOTAL, FNS Food Donations Programs Account	282,205	311,955	315,742	3,787
F. Temporary Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities	120,000	119,573	120,000	427
2. CCC Bonus Commodities	0	0	0	0
3. TEFAP Administrative Expense	40,846	52,518	49,928	-2,590
TOTAL, Temporary Emergency Food Assistance Program	160,846	172,091	169,928	-2,163
LESS: Bonus Commodities	0	0	0	0
TOTAL, FNS TEFAP Account	160,846	172,091	169,928	-2,163

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1989 Actual	1990 Estimate	1991 Estimate	Change 1990-1991
G. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
2. Summer Camps				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities	0	0	0	0
b. Section 416 commodities	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets	0	0	0	0
H. Food Program Administration:				
1. Child nutrition	29,084	30,045	31,118	1,073
2. Special milk	162	167	173	6
3. Supplemental feeding	7,356	7,600	7,871	271
4. Food stamp	51,441	53,141	55,039	1,898
5. Cash and commodity subsidies	1,889	1,951	2,021	70
TOTAL, Food Program Administration	89,932	92,904	96,222	3,318
GRAND TOTAL, Food Assistance	21,116,366	23,424,772	23,469,842	45,070
LESS: Section 32 commodities for Child Nutriton	342,071	350,900	350,900	0
AMS bonus commodities	0	0	0	0
CCC bonus commodities	0	0	0	0
TOTAL, FNS Accounts	20,774,295	23,073,872	23,118,942	45,070

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

State Child Nutrition [Programs] Payments (Including Transfers of Funds)

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C.1773-1785, and 1788-1789); [$4,887,494,000] $5,105,834,000,
1 to remain available through September 30, [1991] 1992, of which [$730,940,000] $473,575,000 is hereby appropriated and [$4,156,554,000] $4,632,259,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935(7 U.S.C. 612c): Provided, That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: Provided further, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: Provided further, That only final reimbursement claims for service of meals, supplements, and milk submitted to State agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary: Provided further, That up to [$3,600,000] $5,653,000 shall be available for independent verification of school food service claims
2 [: Provided further, That $500,000 shall be available to establish the Food Service Management Institute at the University of Mississippi].

The first change makes the 1991 appropriation available until September 30, 1992.

The second change deletes a provision applicable to 1990 that is no longer necessary, because the required action has been taken.

CHILD NUTRITION PROGRAMS - CURRENT LAW

Appropriations Act, 1990	$4,887,494,000
Budget Estimate, 1991	5,105,834,000
Increase in Appropriation	+218,340,000

Adjustments in 1990		
Appropriation Act, 1990	$4,887,494,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-58,000	
Adjusted base for 1990		4,887,436,000
Budget Estimate, Current Law, 1991		5,105,834,000
Increase over adjusted 1990		+218,398,000

CHILD NUTRITION PROGRAMS - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1991	$5,105,834,000
Change due to proposed legislation	-462,264,000
Net request, President's 1991 Budget Request	4,643,570,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
School lunch program	$3,115,124,000	--	+$108,764,000	$3,223,888,000
School breakfast program	563,926,000	--	+42,110,000	606,036,000
State administrative expenses	60,647,000	--	+3,742,000	64,389,000
Summer food service program	170,872,000	--	+8,844,000	179,716,000
Child care food program	757,288,000	--	+37,113,000	794,401,000
Commodity procurement	207,837,000	--	+15,829,000	223,666,000
Nutrition studies and surveys	3,142,000	--	-57,000	3,085,000
Nutrition education and training	5,000,000	--	--	5,000,000
Federal Review System	3,600,000	+$53,000	+2,000,000	5,653,000
Total Appropriation	4,887,436,000	+53,000	+218,345,000	5,105,834,000
Proposed Legislation	-23,398,000			-462,264,000
Total Available, President's Budget a/	4,864,038,000			4,643,570,000

a/ The level of available funding in Fiscal Year 1990 assumes the implementation of proposed legislation on July 1, 1990, with resulting reduction of $23,398,000.

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Cash payments to States:				
(a) School lunch program:				
(1) Above 185% of poverty	$306,468,000	$315,868,000	+$11,034,000	$326,902,000
(2) 130-185% of poverty	287,408,000	295,621,000	+10,326,000	305,947,000

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
(3) Below 130% of poverty	2,431,476,000	2,503,635,000	+87,404,000	2,591,039,000
Total, School lunch...	3,025,352,000	3,115,124,000	+108,764,000(1)	3,223,888,000
(b) School breakfast program:				
(1) Above 185% of poverty	10,599,000	13,873,000	+1,035,000	14,908,000
(2) 130-185% of poverty	17,339,000	21,034,000	+1,571,000	22,605,000
(3) Below 130% of poverty	486,560,000	529,019,000	+39,504,000	568,523,000
Total, School breakfast	514,498,000	563,926,000	+42,110,000(2)	606,036,000
(c) State administrative expenses	58,411,000	60,647,000	+3,742,000 (3)	64,389,000
(d) Summer food service program	147,824,000	170,872,000	+8,844,000 (4)	179,716,000
(e) Child and adult care food program:				
(1) Meal Service:				
(a) Above 185% of poverty	237,053,000	310,782,000	-683,000	310,099,000
(b) 130-185% of poverty	26,737,000	29,143,000	+2,534,000	31,677,000
(c) Below 130% of poverty	382,142,000	405,299,000	+33,518,000	438,817,000
Subtotal	645,932,000	745,224,000	+35,369,000	780,593,000
(2) Audit expenses ...	10,000,000	12,064,000	+1,744,000	13,808,000
Total, Child and adult care food program....	655,932,000	757,288,000	+37,113,000 (5)	794,401,000
2. Commodity procurement:				
(a) Commodities	143,153,000	168,556,000	+12,837,000	181,393,000
(b) Cash in lieu of commodities	33,361,000	39,281,000	+2,992,000	42,273,000
Total, Commodity procurement	176,514,000	207,837,000	+15,829,000 (6)	223,666,000
3. Nutrition studies and education:				
(a) Nutrition studies and surveys	2,085,000	3,142,000	-57,000 (7)	3,085,000
(b) Nutrition education and training	5,000,000	5,000,000	—	5,000,000
Total, Nutrition studies and education	7,085,000	8,142,000	-57,000	8,085,000
4. Federal Review System	5,200,000	3,600,000	+2,053,000 (8)	5,653,000
Total, Available or Estimate ..	4,590,816,000	4,887,436,000	+218,398,000	5,105,834,000
Gramm-Rudman-Hollings Reduction	—	58,000	-58,000	—
Total, Appropriation	4,590,816,000	4,887,494,000	+218,340,000	5,105,834,000

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Cash payments to States:				
(a) School lunch program:				
(1) Above 185% of poverty	$312,540,000	$325,886,000	+$19,143,000	$345,029,000
(2) 130-185% of poverty	292,505,000	304,996,000	+17,915,000	322,911,000

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
(3) Below 130% of poverty	2,477,201,238	2,582,987,000	+151,721,367	2,734,708,367
Total, School lunch	3,082,246,238	3,213,869,000	+188,779,367(1)	3,402,648,367
(b) School breakfast program:				
(1) Above 185% of poverty	12,620,597	13,883,000	+1,025,000	14,908,000
(2) 130-185% of poverty	19,136,110	21,051,000	+1,554,000	22,605,000
(3) Below 130% of poverty	481,275,724	529,433,000	+39,090,000	568,523,000
Total, School breakfast	513,032,431	564,367,000	+41,669,000(2)	606,036,000
(c) State administrative expenses .....a/	59,801,612	59,885,990	+4,503,235(3)	64,389,225
(d) Summer food service program .....b/	146,672,193	163,344,000	+16,372,000(4)	179,716,000
(e) Child and adult care food program:				
(1) Meal service				
(a) Above 185% of poverty	266,645,167	278,198,000	+31,901,000	310,099,000
(b) 130-185% of poverty	26,990,018	28,837,000	+2,840,000	31,677,000
(c) Below 130% of poverty	374,882,235	397,805,000	+41,012,000	438,817,000
Subtotal	668,517,420	704,840,000	+75,753,000	780,593,000
(2) Audit expenses ...	8,913,750	12,026,000	+1,782,000	13,808,000
Total, Child and adult care food program....	677,431,170	716,866,000	+77,535,000(5)	794,401,000
2. Commodity procurement:				
(a) Commodities	148,200,000	176,738,000	+4,677,000	181,415,000
(b) Cash in lieu of commodities	34,515,000	41,161,000	+1,090,000	42,251,000
Total, Commodity procurement	182,715,000	217,899,000	+5,767,000(6)	223,666,000
3. Nutrition studies and education:				
(a) Nutrition studies and surveys	2,036,485	3,042,000	+43,000(7)	3,085,000
(b) Nutrition education and training	4,999,823	5,000,000	0	5,000,000
Total, Nutrition studies and education	7,036,308	8,042,000	+43,000	8,085,000
4. Federal Review System .c/	3,797,041	5,003,000	+650,000(8)	5,653,000
Total, Obligations	4,672,731,993	4,949,275,990	+335,318,602	5,284,594,592
Recovery of prior year obligations	-59,382,310			
Unobligated balances:				
Available, start of year	-266,243,759	-240,600,582	+61,839,990	-178,760,592
Available, end of year ..	+240,600,582	178,760,592	-178,760,592	—
Lapsing	+3,109,279	—	—	—
Total, Available or Estimate..	4,590,815,785	4,887,436,000	+218,398,000	5,105,834,000
Gramm-Rudman-Hollings Reduction	—	58,000	-58,000	—
Total, Appropriation	4,590,815,785	4,887,494,000	+218,340,000	5,105,834,000

a/ Includes 29 staff years in Fiscal Year 1989 and 30 staff years in Fiscal Years 1990 and 1991 for regional office administered programs.

b/ Includes 19 staff years for Summer Food Service Program monitors in Fiscal Year 1989 and 20 staff years in Fiscal Years 1990 and 1991. In Fiscal Years 1990 and 1991 an additional 15 staff years are included for reviews and training.

c/ Includes 58 staff years in Fiscal Year 1989, 70 staff years in Fiscal Year 1990, and 120 staff years in 1991.

EXPLANATION OF PROGRAM

Overview of Program Development. The Child Nutrition Programs, authorized by the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, subsidize meals served to children in schools and in a variety of other institutions.

The Child Nutrition Programs have their origins in commodity distribution programs operated in the 1930's. In 1946, NSLA established the National School Lunch Program (NSLP) "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities."

In 1966, Congress expanded the lunch program by providing for a pilot breakfast program, which was made a permanent program in 1975. Meal service was extended to pre-school age children in child care in 1968. In 1969, Congress made provision to assist feeding programs in serving meals to children for free or at a reduced price to children who met certain income eligibility guidelines. A Summer Food Service Program (SFSP) was initiated in 1968 to serve especially needy children while school was out of session.

Legislation. The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) reauthorized the SFSP, State Administrative Expenses (SAE), the Commodity Distribution Program and the Nutrition Education and Training Program through 1994. The law also contains several provisions to expand program coverage, increase participation among certain groups, improve accountability and program operations and reduce paperwork requirements. For example, funds are provided for expanding sponsorship of SFSP to private, nonprofit organizations under certain conditions, for startup grants for School Breakfast Programs (SBP) serving low-income children, and demonstration projects in the Child and Adult Care Food Program (CACFP) to expand services to homeless children and family day care homes in low-income areas. It mandates a unified system for compliance and accountability in the NSLP which would integrate Federal and State efforts and provides funding for increased Federal monitoring of SFSP operations. Other significant provisions include authorizing a Food Service Management Institute to improve school food service operations, increasing authorization levels for nutrition education and requiring a number of demonstration projects and studies to examine program issues.

Eligibility and Benefits. A general description of eligibility for and benefits of the programs follows.

1. Cash Payments to States. The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available by letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors submit applications to the State agencies and, if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and the rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index (CPI) for Food Away From Home as provided for in Section 11 of the NSLA.

(a) National School Lunch Program. Assistance is provided to the States for the service of lunches and snacks to children in participating schools and institutions, regardless of household income. Each year States must match 30 percent of Federal funds provided in School Year 1981 for these general reimbursements. States are also provided additional assistance for serving lunches and snacks free or at a reduced price to needy children. In Fiscal Year 1990, the NSLP will provide assistance for serving an estimated 4.1 billion lunches, including 2.1 billion for children from families with incomes above 185% of poverty, 0.3 billion for children from families with incomes between 130-185% of poverty and 1.7 billion for children from families with incomes below 130% of poverty.
Schools which, in the second previous school year, served at least 60 percent of their lunches at free or reduced prices receive an additional two cents per meal assistance. About one third of all lunches served in Fiscal Year 1989, or 1.3 billion, received an additional $0.02 subsidy. An estimated 25 million children are expected to participate in the NSLP daily

during the school year. Approximately 12 million needy children will participate on an average school day during the year.

(b) School Breakfast Program. Federal reimbursement is based on the number of breakfasts served to children from families with incomes above 185% of poverty, between 130-185% of poverty and below 130% of poverty. Schools that served at least 40 percent of their lunches at free or reduced prices in the second preceding year and had unusually high preparation costs which exceeded regular breakfast per meal reimbursement, receive higher subsidies in both the free and reduced price categories. In Fiscal Year 1990, the program will serve an estimated 671 million breakfasts to a daily average of 4 million children.

(c) Child and Adult Care Food Program. Nonprofit child care centers and family and group day care homes receive subsidies for meals served to preschool and other children. Profit-making child care centers receiving compensation under Title XX of the Social Security Act may participate in the program if 25 percent of the children served are Title XX participants. Certain adult day care centers are also eligible for participation in this program. These centers may also provide subsidized meals to non-impaired individuals, providing they are 60 years or older. They must be nonprofit unless they receive compensation under Title XIX or Title XX of the Social Security Act for at least 25 percent of their enrollees. CACFP reimburses State agencies at varying rates for breakfasts, lunches, suppers and meal supplements. In Fiscal Year 1990, approximately 960 million meals will be served to a daily average of 1.4 million children and adults.

(d) Summer Food Service Program. Meals served free to children in low-income neighborhoods during the summer months are supported on a per-meal basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1990, approximately 91 million meals will be served to about 2 million children in the peak month.

(e) State Administrative Expenses. These funds may be used for State employee salaries, benefits, support services and office equipment. The SAE grant is equal to 1.5 percent of Federal cash program payments for the National School lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. In Fiscal Year 1990, approximately $60 million will be allocated among the States to fund on-going SAE and to improve the management of the various nutrition programs.

2. Commodity Procurement. Entitlement commodities and cash-in-lieu thereof required under section 6(e) of NSLA are provided from two sources: funds appropriated to the Child Nutrition Programs and funds available to the Agricultural Marketing Service (AMS) under section 32 of the Act of August 24, 1935. Commodities are purchased for distribution to the School Lunch Program (SLP), CACFP and SFSP. The minimum, or "entitlement" commodity support rate for all school lunch and child care center lunches and suppers served is mandated by section 6(e) of NSLA and is adjusted annually on July 1 to reflect changes in the Producer Price Index for Food Used in Schools and Institutions. For the period July 1, 1989 through June 30, 1990, the commodity support rate for the NSLP and CACFP is 13.25 cents per lunch.

The $558.7 million available in Fiscal Year 1990 for entitlement commodity support for Child Nutrition Programs (including commodities, cash-in-lieu of commodities and administrative costs) includes $350.9 million from section 32 funds and $207.8 million from direct appropriation.

Section 32. This authority provides for purchase of perishable non-price support commodities when it is necessary to stabilize market conditions. Within the constraints of market conditions, seasonality of crops, and other factors, these purchases are planned so that commodities are delivered to schools on a regular basis throughout the year. The typical commodities purchased include meat, poultry, fish, fruits and vegetables.

Section 6(e) of the National School Lunch Act. Although market considerations play a role, this section can be used to purchase price support and non-price support commodities based on recipient need and preference. Section 6(e) funds are used to provide schools with some of the perishable foods, such as meat, as well as non-perishable price support commodities (grains, oil, and peanut products) that they need. In addition, section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu of Commodity Letters of Credit, and child care centers which may elect to receive all of their commodity entitlement in cash. In Fiscal Year 1990, cash-in-lieu obligations are estimated to account for about $37 million of the Child Nutrition appropriation used for commodity purchases.

Bonus Commodities. In addition to entitlement commodities, when supplies permit, "bonus" commodities are provided to schools and institutions. Outlets can obtain as much of some bonus commodities as they can use without waste; other bonus commodities are offered on a limited basis. These commodities are purchased by AMS and the Commodity Credit Corporation (CCC) and then donated to the Food and Nutrition Service (FNS) for distribution. The two sources of bonus commodities are the Price Support Program and the Surplus Removal Program.

Price Support Program. When the CCC acquires significant inventories of price support commodities, section 416 of the Agricultural Act of 1949 authorizes the CCC to donate commodities from its inventory to schools and other institutions. During Fiscal Year 1989, the Department donated cheese, butter, nonfat dry milk, honey, milled rice and flour (in States which participated in the bonus flour threshold program). Section 416 bonus donations to the Child Nutrition Programs were estimated at $260.7 million in Fiscal Year 1989.

Surplus Removal Program. Under the provisions of section 32, funds are available for emergency surplus removal purchases. The Secretary of Agriculture determines when perishable commodities such as meats, poultry, fish, fruits and vegetables should be purchased and donated to schools and institutions under this surplus removal authority. In Fiscal Year 1989, about $68.5 million in bonus commodities were delivered to schools and other eligible child nutrition outlets under this authority.

3. Nutrition Studies and Education

(a) Nutrition Studies and Surveys. Section 6(a)(3) of NSLA authorizes the use of Child Nutrition Program funds for nutrition studies and surveys. The purpose of these studies and surveys is to provide descriptive and evaluative information about the programs in order to make informed decisions and improve program operations.

(b) Nutrition Education and Training (NET). This program, established in 1977 under P.L. 95-166, has provided funds for State agencies to begin or augment instruction of educators and students in the fundamentals of nutrition and training of school food service personnel in nutrition and food service management to help build good food habits.

State/Federal Responsibilities. The Child Nutrition Programs are operated through a State/Federal partnership under agreements signed by State educational, agricultural, social service or health agencies and FNS. Through this Federal/State partnership, FNS has agreements with 86 State agencies. There are nearly 20,000 School Food Authorities which oversee the activities of over 91,000 schools, over 40

percent of which offer both lunch and breakfast. Typical sponsors include School Food Authorities and local county or municipal governments. Currently there are 1,990 sponsors for the SFSP and approximately 9,700 sponsors of CACFP. There are currently about 136,000 child care centers and family day care homes participating in the CACFP.

FNS provides cash reimbursements for meals served by type and ensures that appropriate commodities are delivered on a timely basis. FNS also provides funds to help defray SAE. FNS also promulgates rules implementing the programs as defined by statute, including specifying nutritional requirements for the meals (i.e., meal patterns), meal counting and reporting procedures to ensure confidentiality of free and reduced price meal recipients while assuring accurate counts; requirements for cash and facilities management; and other administrative requirements.

FNS conducts Federal reviews in the NSLP as part of the unified Federal/State accountability system to evaluate the accuracy of local and State meal service data, and provides training and technical support to schools to help improve local program accountability.

The Child Nutrition and WIC Reauthorization Act of 1989 added a new section (q) to section 13 of NSLA which requires the Secretary to "establish a system under which the Secretary and States shall monitor the compliance of private nonprofit organizations". In recognition of the vulnerability of this class of summer program sponsors to program abuse, one-half of 1 percent of the funds appropriated are authorized to carry out this function. For 1990, the amount is $833,000. The current estimate for 1991 is $917,000.

FNS will monitor high risk sponsors by expanding the existing Federal Review System to the Summer Program. This strategy will enable each of the seven regional offices to concentrate nearly six staff years on these new sponsors during the periods of operation. Two full year staff will be added to Headquarters for the purpose of developing review guides and resource planning. For 1990 and 1991 approximately 15 staff years will be needed.

As with the Federal Review System of the NSLP, a nationally consistent review procedures will be developed and used in all regional office reviews. Forms, instructions and policies will be incorporated into a review handbook and training of all reviewers will precede actual implementation. All materials will be made available to State agencies administering the program to assure consistent procedures.

The goal will be to perform a review of every private nonprofit sponsor/site in the program. Priority will be given to the largest sponsors and sites for review. Reviews will be coordinated with State agencies to the maximum extent practical. State plan and sponsor agreement information will be used to identify sponsors for review. Follow-up reviews and corrective action will be carefully coordinated with State agencies.

JUSTIFICATION OF INCREASES AND DECREASES

The Fiscal Year 1991 request for the Child Nutrition Programs reflects an increase of $218,398,000.

(1) An increase of $108,764,000 in the appropriation for SLP ($3,115,124,000 available in 1990). On the basis of available funds, there is an increase of $188,779,367 ($3,213,869,000 available in 1990).

Need for Change. The total number of school lunches is expected to increase by 38 million in Fiscal Year 1991 due to increased school enrollment. The projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. A funding level of $3,223,888,000 will be needed in Fiscal Year 1991 for SLP to provide full reimbursement for meals served. The following table compares meals served and rates:

Lunches Served in Millions	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Above 185% of poverty.....	2,114	2,154	2,173	+19
130-185% of poverty.....	263	268	271	+3
Below 130% of poverty.....	1,625	1,657	1,673	+16
Total	4,002	4,079	4,117	+38
Average participation (millions)	24.0	24.4	24.6	+0.2

Lunches Served in Millions	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Average rates (cents)				
Above 185% of poverty....	14.12	14.88	15.63	+0.75
130-185% of poverty.....	107.21	114.26	121.60	+7.34
Below 130% of poverty....	147.38	154.44	161.79	+7.35
Program Cost ($ mil) a/....	3,082.2	$3,213.9	$3,402.6	+$188.7

a/ Includes funds for schools which receive additional two cents reimbursement.

(2) An increase of $42,110,000 in the appropriation for the School Breakfast Program ($563,926,000 available in 1990). On the basis of available funds, there is an increase of $41,669,000 ($564,367,000 available in 1990).

Need for Change. An increase of 19 million meals is projected for Fiscal Year 1991 due in part to program expansion authorized by P.L. 101-147 including start up grants. In addition, the projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of $606,036,000 will be needed in Fiscal Year 1991 for the SBP.

The following table compares meals and rates in the SBP by category.

Breakfasts Served in Millions	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Above 185% of poverty.....	87	89	91	+2
130-185% of poverty.....	33	33	34	+1
Below 130% of poverty.....	537	549	565	+16
Total	657	671	690	+19
Average participation (mil)	3.9	4.0	4.1	+0.1
Average rates - regular and severe need (cents)				
Above 185% of poverty ...	14.55	17.60	18.14	+0.54
130-185% of poverty	58.04	64.65	68.83	+4.18
Below 130% of poverty ...	88.08	94.69	98.88	+4.19
Program Cost ($ mil)	$513.0	$564.4	$606.0	+$41.6

(3) An increase of $3,742,000 in the appropriation for SAE ($60,647,000 available in 1990). On the basis of available funds, there is an increase of $4,503,235 ($59,885,990 available in 1990).

Need for Change. The increase is due to the increase in meal service in Fiscal Year 1989 which is the base year for grant formulation.

Nature of Change. An appropriation of $64,389,000 will be needed in Fiscal Year 1991 for SAE. Each State will receive a grant of at least one percent of the funds expended by the State during Fiscal Year 1988 with a minimum grant of $100,000. The funds available above the basic grant will be allocated to the States to improve program administration.

(4) An increase of $8,844,000 in the appropriation for the Summer Food Service Program ($170,872,000 available in 1990). On the basis of available funds, there is an increase of $16,372,000 ($163,344,000 available in 1990).

Need for Change. An increase of 4.4 million meals is projected for Fiscal Year 1991. The projected rise in the reimbursement rate on January 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of $179,716,000 will be needed in the SFSP in Fiscal Year 1991 to provide full reimbursement for meals served.

(5) An increase of $37,113,000 in the appropriation for the Child and Adult Food Program ($757,288,000 available in 1990). On the basis of available funds, there is an increase of $77,535,000 ($716,866,000 available in 1990).

Need for Change. An increase of 51 million meals is projected for Fiscal Year 1991 in child care centers, family day care homes and adult day care centers. In addition, the projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. A funding level of $794,401,000 will be needed in Fiscal Year 1991 in CACFP to provide full reimbursement for meals served.

(6) An increase of $15,829,000 in the appropriation for Commodity Procurement ($207,837,000 available in 1990). On the basis of available funds, there is an increase of $5,767,000 ($217,899,000 available in 1990).

Need for Change. An increase in meal service projections for school lunches and child and adult care programs will result in increased funding requirements for Fiscal Year 1991.

Nature of Change. In addition to the direct appropriation for entitlement commodity procurement for the Child Nutrition Programs, the Agricultural Marketing Service provides the Child Nutrition Programs with commodities purchased with funds from Funds for Strengthening Markets, Income, and Supply (section 32) to fulfill the full entitlement required by law.

The total projected usage of the funds from the two accounts in Fiscal Years 1990 and 1991 is as follows:

	(Dollars in Millions)			
Account	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Child Nutrition Programs ..	$185.3	$217.9	$223.7	+$5.8
Funds for Strengthening Markets, Income and Supply (Section 32)	342.1	350.9	350.9	--
Total	$527.4	$568.8	$574.6	+$5.8

(7) A decrease of $57,000 in the appropriation for Nutrition Studies and Surveys ($3,142,000 available in 1990). On basis of available funds, there is an increase of $43,000 ($3,042,000 available in 1990).

Need for change. During Fiscal Year 1990 the Agency will release reports on income verification in the NSLP, Federal review, lunch program operations, SFSP private sponsor demonstration, and several studies of CACFP.

Nature of Change. An appropriation of $3,085,000 will be needed in Fiscal Year 1991 to fund current studies. Agency research priorities for Fiscal Year 1990 include a dietary assessment of child nutrition programs and studies of food service management companies and the Adult Day Care Program. In addition, the Child Nutrition and WIC Reauthorization Act of 1989 mandates a number of demonstrations, studies and reports including demonstrations to increase low-income participation in CACFP and to serve children in shelters; studies of alternative counting procedures in the NSLP; and reports on paperwork reduction.

(8) An increase of $2,053,000 in the appropriation for the Federal Review System ($3,600,000 available in 1990). On basis of available funds, there is an increase of $650,000 ($5,003,000 available in 1990).

(a) An increase of $53,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $2,000,000 for Federal Review System.

Need for Change. The Federal Review System was started after a series of audits and reviews indicated problems in school meal counting and claiming free meal reimbursements for more meals than actually served to eligible children. A pilot program to assess the situation began in 1989. Reviews will be conducted using standards consistent with State-conducted review standards and results will be shared with the States. In addition, as required by P.L. 101-147, a unified accountability system will be established to integrate and coordinate Federal/State review activity. Additional funds are requested in the 1991 budget to continue these efforts and to develop methods to assist SFA's to improve the accuracy of their meal counting and claiming.

Nature of Change. An appropriation of $5,653,000 will be needed in Fiscal Year 1991 to fully fund the Federal Review Program.

CHILD NUTRITION PROGRAMS
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Item of Change	1991 Current Law	1991 Program Changes	1991 President's Request
School lunch program	$3,223,888,000	$-73,128,000	$3,150,760,000
School breakfast program	606,036,000	—	606,036,000
State administrative	64,389,000	—	64,389,000
Summer food service program	179,716,000	—	179,716,000
Child and adult care food program	794,401,000	-281,152,000	513,249,000
Commodity procurement	223,666,000	-107,984,000	115,682,000
Nutrition studies and surveys	3,085,000	—	3,085,000
Nutrition education and training	5,000,000	—	5,000,000
Federal Review System	5,653,000	—	5,653,000
Total request	5,105,834,000	-462,264,000	4,643,570,000

Explanation of Proposed Legislation

This budget proposes the following in the Child Nutrition Programs that would result in net savings of $462,264,000 in Fiscal Year 1991. The proposed changes would:

-- Increase subsidies for meals served to children in households between 130 and 185 percent of poverty (between $15,730 and $22,385 for a family of four) by an additional $0.20 per meal. Thus, the maximum allowable price for a lunch served to such children will be reduced from $0.40 to $0.20. This will provide for an increase of $54.3 million in the NSLP.

-- Eliminate the cash and commodity entitlement subsidies for paid meals served to children from families with income above 350 percent of poverty (over $42,350 for a family of four). They would still benefit from bonus commodities. This will result in a savings of $127.4 million in the NSLP and $108.0 million in commodity procurement, for a total savings of $235.4 million. The savings will be used to offset the increased costs of enhancing subsidies for lower income children, thus better targeting program benefits to those children more in need of Federal support. There would be no change in subsidies for cash and commodities for meals served to students below 130 percent of poverty who receive free meals and between 185 and 350 percent of poverty. Schools would continue to receive current indexed subsidies for these meals.

-- Establish a meal subsidy structure in family day care homes that is comparable to that currently provided for child care centers. Under this proposal a two rate system would be established which will better target assistance to those in need. Meals served to children from families with incomes between 130 and 185 percent (between $15,730 and $22,385 for a family of four) would continue to be subsidized at a single rate comparable to the rate for such meals in child care centers. Meals served to children from families with incomes above 185 percent of poverty (over $22,385 for a family of four) would continue to receive subsidies, but they would be at rates comparable to paid meal rates in centers. This proposal would result in a savings of $281.2 million in CACFP.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Milk Program

For necessary expenses to carry out the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), [$20,449,000] $19,268,000, to remain available through September
1 30, [1991] 1992. Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.

This change makes the appropriation available until September 30, 1992.

SPECIAL MILK PROGRAM

Appropriations Act, 1990		$20,449,000
Budget Estimate, 1991		19,268,000
Decrease in Appropriation		-1,181,000
Adjustments in 1990		
Appropriation Act, 1990	$20,449,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-140,000	
Adjusted base for 1990		20,309,000
Budget estimate, Current Law, 1991		19,268,000
Decrease below adjusted 1990		-1,041,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Cash payments to States	$20,309,000	-$1,041,000	$19,268,000

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Cash payments to States:				
(a) Paid milk	$18,329,000	$18,682,000	-$967,000	$17,715,000
(b) Free milk	1,596,000	1,627,000	-74,000	1,553,000
Total, Available or Estimate	19,925,000	20,309,000	-1,041,000(1)	19,268,000
Gramm-Rudman-Hollings Reduction	—	140,000	-140,000	—
Total, Appropriation	19,925,000	20,449,000	-1,181,000	19,268,000

PROJECT STATEMENT
(On basis of adjusted available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
1. Cash payments to States:				
(a) Paid milk	$18,311,029	$19,265,000	+$1,161,253	$20,426,253
(b) Free milk	1,594,420	1,678,000	+112,964	1,790,964
Total, Obligations	19,905,449	20,943,000	+1,274,217	22,217,217
Unobligated balances:				
Available, start of year	-3,563,666	-3,583,217	+634,000	-2,949,217
Available, end of year	+3,583,217	+2,949,217	-2,949,217	—
Total, Available or Estimate	19,925,000	20,309,000	-1,041,000(1)	19,268,000
Gramm-Rudman-Hollings Reduction	—	140,000	-140,000	—
Total, Appropriation	19,925,000	20,449,000	-1,181,000	19,268,000

EXPLANATION OF PROGRAM

Overview of Program Development. Originally designed to support milk prices while encouraging children to drink more milk, the Special Milk Program (SMP) was first funded by the Commodity Credit Corporation in 1955. The Agricultural Act of 1961 authorized the first direct appropriation for the program. SMP is now authorized by Section 3 of the Child Nutrition Act of 1966, as amended.

Eligibility. Eligible institutions include public and private nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. In addition, children in split session kindergarten programs in non-profit schools who do not have access to the meal service programs operating in those schools may participate in the School Milk Program.

Benefits. The program provides subsidies to institutions for half-pints of milk served to children. In Fiscal Year 1990, approximately 199 million half-pints of milk will be served in SMP. These include about 188 million half-pints served to children whose family income is above 130 percent of poverty and about 11 million half pints served free to children whose family income is at or below 130 percent of poverty. During Fiscal Year 1990, the average full cost reimbursement for milk served to needy children is expected to be 15.2 cents for each half-pint. Milk served to non-needy children is expected to be reimbursed at 10.25 cents for each half pint. The cash reimbursement rate for non-needy children is adjusted annually on July 1.

State/Federal Responsibilities. The program is operated through a partnership under agreements signed by State educational, social service or health agencies and the Food and Nutrition Service (FNS). State agencies administer the program through local school food authorities or other institutions. FNS provides cash reimbursements for milk served to eligible children and also provides funds for state administrative expenses relating to the program.

JUSTIFICATION OF INCREASES AND DECREASES

A decrease of $1,041,000 is requested in the appropriation for SMP ($20,309,000 available in 1990). On the basis of available funds, there is an increase of $1,274,551 ($20,943,000 available in 1990).

Need for change. The decrease in funds reflects the anticipated availability of an unobligated balance of funds from Fiscal Year 1990, as well as current estimates of funds needed to maintain the program in Fiscal Year 1991 due to adjustments for inflation and program participation.

	1989 Actual	1990 Estimate	1991 Estimate
Half-pints served (millions)			
Reduced price (above 130% of poverty)	179.078	187.953	199.287
Free (below 130% of poverty)	10.515	11.036	11.701
Total	189.593	198.989	210.988

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Supplemental Food Program for Women, Infants, and Children (WIC)

For necessary expenses to carry out the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), [$2,126,000,000] <u>$2,215,248,000</u>, to remain
1 available through September 30, [1991, of which up to $2,800,000 may be used to carry out the farmer's market coupon demonstration project]
2 <u>1992.</u>

<u>The first change</u> deletes a provision applicable only to 1990. No funding is requested for Farmer's Market Demonstration projects in 1991.

<u>The second change</u> makes the appropriation available until September 30, 1992.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

Appropriations Act, 1990		$2,126,000,000
Budget Estimate, 1991		2,215,248,000
Increase in Appropriation		+89,248,000
Adjustments in 1990		
Appropriation Act, 1990	2,126,000,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-42,000	
Adjusted base for 1990		2,125,958,000
Budget estimate, Current Law 1991		2,215,248,000
Increase over adjusted 1990		+89,290,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Special Supplemental Food Program (WIC)	$2,125,958,000	+89,290,000	$2,215,248,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Special Supplemental Food Program (WIC):				
(a) Grants to States for supplemental food	$1,539,599,600	$1,600,923,000	+$57,091,000	$1,658,014,000
(b) Costs for nutrition services and administration	384,762,400	518,077,000	+34,157,000	552,234,000
(c) Farmers' Market Projects	2,000,000	2,000,000	-2,000,000	--
(d) Program evaluation projects	3,000,000	4,958,000	+42,000	5,000,000
Total, Available or Estimate	1,929,362,000	2,125,958,000	+89,290,000(1)	2,215,248,000
Gramm-Rudman-Hollings Reduction	--	42,000	-42,000	--
Total, Appropriation	1,929,362,000	2,126,000,000	89,248,000	2,215,248,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Special Supplemental Food Program (WIC):				
(a) Grants to States for supplemental food	$1,539,162,915	$1,601,363,003	+$56,650,997	1,658,014,000
(b) Costs for nutrition services and administration	384,763,120	518,077,000	+34,157,000	552,234,000
(c) Farmers' Market Project	2,000,000	2,000,000	-2,000,000	--
(d) Program evaluation projects	3,000,000	4,958,000	+42,000	5,000,000
Total, Obligations	1,928,926,035	2,126,398,003	+88,849,997	2,215,248,000

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Recovery of prior year obligations	-136,801	—	—	—
Unobligated balances:				
Available, start of year	-4,047	-440,003	+440,003	—
Available, end of year	440,003	—	—	—
Lapsing	136,810			
Total, Available or Estimate	1,929,362,000	2,125,958,000	+89,290,000(1)	2,215,248,000
Gramm-Rudman-Hollings Reduction	—	42,000	-42,000	—
Total, Appropriation	1,929,362,000	2,126,000,000	+89,248,000	2,215,248,000

EXPLANATION OF PROGRAM

Overview of Program Development. The Special Supplemental Food Program (Women, Infants and Children (WIC)) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program was established as a 2-year pilot project under Public Law 92-433. Public Law 96-499, enacted on December 5, 1980, extended the program authorization through September 30, 1984. The authorization was extended through 1989 by Public Laws 99-500 and 99-591, the School Lunch and Child Nutrition Amendments of 1986. Public Law 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, authorizes the program through September 30, 1994.

Eligibility. Funds are made available to local health clinics through State departments of health and to Indian groups to provide supplemental foods to low-income pregnant, postpartum and breastfeeding women, infants and young children up to 5 years of age who are determined by competent professionals (physicians, nutritionists, nurses and other health officials) to be at nutritional risk.

Benefits. The WIC Program food packages are designed to provide foods rich in nutrients lacking in the diets of the WIC Program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter. In addition, WIC provides as integral program benefits nutrition education and referrals to health services. In Fiscal Year 1990, program funds are expected to support an average monthly participation of at least 4.6 million participants at an average cost of $38.12 per person per month. The number of people who can be served by the program is enhanced as cost containment measures, especially infant formula rebates, allow available funds to expand program coverage.

State/Federal Responsibilities. The program is administered in a Federal/State partnership in which the Food and Nutrition Service (FNS) provides cash grants to States for food and administrative expenses. States develop operating plans which, after consideration of public comment and FNS approval as required by statute and Federal regulations, define how the State will implement the program for the year. States then enter into written agreements with local agencies and allocate administrative money to local health care agencies and clinics where WIC programs are administered.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain "food instruments" which are redeemed for supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. The food is free of charge to all participants.

In retail purchase States, the local clinics prescribe food packages by providing participants "food instruments" each month which the participants exchange for foods at approved retail grocery stores. The form of the food instruments varies from State to State; they may be vouchers or checks. Where food instruments are checks, they are deposited in a bank before their expiration date by the retailer. Vouchers must be submitted to a State or local WIC agency before their expiration date and the retailers are paid within 60 days of voucher submission. The States are

responsible for monitoring retailers and assuring the integrity of the redemption system. Presently, over 50,000 retailers are authorized to participate in the program.

FNS provides funds for the cost of the food packages and the costs of administering the program, including nutrition education. Funds are allocated to States for food costs on the basis of a funding formula which takes into consideration previous funding, benefit targeting, inflation and each State's number of income eligible persons, low weight births, and infant mortality rates. Administrative funds are allocated among the States for costs for nutrition services and administration associated with the WIC Program. These administrative costs include certifying participant eligibility, food delivery and warehousing, monitoring, nutrition education, breastfeeding promotion, drug abuse education, financial management, clinic operations and administration by State agencies. Not less than one-sixth of these administrative funds must be used for nutrition education activities. Up to one-half of 1 percent of sums appropriated, not to exceed $5 million, may be made available for evaluation of program performance. P.L. 101-147 mandates that $8 million is to be allocated among the States for the purposes of promoting breastfeeding by WIC participants. Public Law 101-147, enacted November 10, 1989, requires WIC State agencies to include in their State plan of program operation and administration a plan to coordinate operations under the program with alcohol and drug abuse counseling and treatment services. It also requires State agencies to ensure that each local agency maintains and makes available for distribution a list of local resources for substance abuse counseling and treatment.

State Food Cost Containment Initiatives to Expand Participation. The Child Nutrition and WIC Amendments Reauthorization Act, P.L. 101-147, requires State agencies with retail food delivery systems to use a competitive bidding system or a system with equal savings for the procurement of infant formula. Savings from these efforts are to be used to expand program participation. The total amount of savings from rebates for Fiscal Year 1990 is projected at over $450 million, with an average monthly participation increase over 800,000. Total savings for Fiscal Year 1991 are projected at over $500 million.

P.L. 101-147 permits State agency fiscal year carry-over authority from the second year of implementation of an approved cost-containment system in an amount equal to 3 percent of the States' food grant (reduced from 5 percent). P.L. 101-147 also permits State agencies with approved cost containment systems to use funds from the first quarter of a fiscal year to cover obligations incurred during the fourth quarter of the preceding year.

Farmer's Market Coupon Demonstration Projects

The Hunger Prevention Act of 1988, Public Law 100-435, authorized FNS to award grant funds for up to 10 3-year demonstration projects to provide WIC participants with coupons that can be redeemed for fresh, unprepared foods at authorized farmers' markets. The following States were selected through a competitive grant application process to administer the projects: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, Vermont, and Washington.

The full $2 million authorized for the projects in Fiscal Year 1989 was awarded to grantees based on the number of projected recipients. Congress has also appropriated up to $2 million for the projects in Fiscal Year 1990. FNS intends to allocate Fiscal Year 1990 funds to grantee States based on the same pro rata shares of available funds as they received last year. FNS is conducting an evaluation of the projects and will submit a report of the results to Congress following the end of the second year of project operations.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $89,290,000 in the appropriation (and available funds) for the Special Supplemental Food Programs (WIC) (2,125,958,000 available in Fiscal Year 1990).

Need for Change. The increase in funds is needed to maintain the program in Fiscal Year 1991 with an adjustment for inflation from the Fiscal Year 1990 base. The requested increase reflects inflation and also the effects of the increase in administrative funding due to P.L. 101-147.

This request reflects an additional increase in participation anticipated from cost containment initiatives, largely from infant formula rebates. More than $500 million is expected to be available from formula rebates during Fiscal Year 1991, supporting over 800,000 participants.

No funding is requested for Farmer's Market Demonstration projects in Fiscal Year 1991.

Nature of Change. The average cost per person will rise from $38.12 in Fiscal Year 1990 to $39.21 in Fiscal Year 1991. Program research has been increased to the authorized level of $5 million.

Special Supplemental Food Program	1989 Actual	1990 Estimate	1991 Estimate	Change
Average Participation per month (in millions)	4.1	4.6	4.7	0.1
Program level ($ in millions):				
Food costs	$1,539.1	$1,601.3	$1,658.0	+$56.7
State and local administrative costs	384.8	518.1	552.2	34.1
Farmers' Market Projects	2.0	2.0	--	-2.0
Program evaluation projects	3.0	5.0	5.0	--
Total	1,928.9	2,126.4	2,215.2	+88.8

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2027, [2028,] 2029), [$15,707,096,000] $15,476,681,000: Provided, That funds provided herein shall remain available through September 30, [1990] 1991, in accordance with section 18(a) of the Food Stamp Act: Provided further, That up to $500,000,000 in addition to the foregoing amount shall be available to the extent necessary to pay benefits not anticipated in budget estimates: Provided further, That up to 5 per centum of the [foregoing amount] amounts appropriated herein may be placed in reserve to be apportioned pursuant to [section 3679 of the Revised Statutes, as amended], 31 U.S.C. 1512 for use only in such amounts and at such times as may become necessary to carry out program operations: Provided further, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: Provided further, That [this appropriation shall be subject to any work registration or work fare requirements as may be required by law: Provided further, That $345,000,000 of the funds provided herein shall be available only to the extent necessary after the Secretary has employed the regulatory and administrative methods available to him under the law to curtail fraud, waste, and abuse in the program: Provided further, That $936,750,000 of the foregoing amount shall be available for Nutrition Assistance for Puerto Rico as authorized by 7 U.S.C. 2028, of which not to exceed $10,825,000 is available for the Cattle Tick Eradication Project] amounts paid to States pursuant to section 16(h)(2) of the Food Stamp Act shall not exceed $12.50 per participant per month.

For making, after July 31 of the current fiscal year, benefit payments to individuals under the Food Stamp Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2027, 2029) for the first quarter of fiscal year 1992, $4,023,000,000, to remain available through September 30, 1992.

The first and seventh changes delete provisions applicable to Nutrition Assistance for Puerto Rico. Appropriations for this activity are included in the budget request for the Department of Health and Human Services.

The second change makes the appropriation available until September 30, 1991.

The third change provides for additional appropriations to meet unanticipated benefit needs.

The fourth change clarifies a reference to appropriated amounts.

The fifth change provides a United States Code citation in a manner consistent with other references.

The sixth change deletes provisions previously incorporated in appropriations which are no longer necessary.

The eighth change specifies maximum payments to States for matching administrative costs of employment and training programs.

The ninth change provides for indefinite appropriations after July 31, 1991 for unanticipated benefit needs for Fiscal Year 1991.

The tenth change provides for advance appropriations for the first quarter of Fiscal Year 1992. Advance appropriations are requested to ensure continuous funding for the program at the beginning of the fiscal year.

FOOD STAMP PROGRAM - CURRENT LAW

Appropriations Act, 1990		$15,707,096,000
Budget Estimate, 1991		15,976,681,000
Increase in Appropriation		269,585,000
Adjustments in 1990		
Appropriation Act, 1990	$15,707,096,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-757,000	
Adjusted base for 1990		15,706,339,000
Budget Estimate, Current Law, 1991		15,976,681,000
Increase over adjusted 1990		270,342,000

FOOD STAMP PROGRAM - PROPOSED LEGISLATION

Budget Estimate, Current Law	$15,976,681,000
Change Due to Proposed Legislation	-70,000,000
Net Request, President's 1991 Budget Request	15,906,681,000

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Benefits:			
Correct benefits	$12,463,187,000	+$709,958,000	$13,173,145,000
Erroneous benefits	938,089,000	+23,042,000	961,131,000
Total, Benefits Costs	13,401,276,000	+733,000,000	14,134,276,000
Administrative costs:			
Payments to States			
State administration	1,165,603,000	+64,619,000	1,230,222,000
Employment and training	149,378,000	+4,016,000	153,394,000
Subtotal, Payments to States	1,314,981,000	+68,635,000	1,383,616,000
Other program costs:			
Printing of stamps	18,442,000	+1,094,000	19,536,000
Shipment of stamps	2,900,000	+173,000	3,073,000
Processing redeemed stamps	16,502,000	+2,395,000	18,897,000
Computer support systems	3,188,000	-227,000	2,961,000
Certification of SSI recipients for food stamps	2,874,000	+35,000	2,909,000
Printing redemption certificates	492,000	+508,000	1,000,000
Bank monitoring system	261,000	+15,000	276,000
Printing other than stamps	715,000	+43,000	758,000
Research, evaluation and demonstration projects	7,592,000	+1,408,000	9,000,000
State exchange projects	169,000	+10,000	179,000
QC litigation	197,000	+3,000	200,000
Subtotal, Other program costs	53,332,000	+5,457,000	58,789,000
Total, Administrative costs	1,368,313,000	+74,092,000	1,442,405,000

(continued)

Item of Change	1990 Estimated	Program Changes	1991 Estimated	
Nutrition Assistance for Puerto Rico.....	936,750,000	-936,750,000	—	1/
Contingency for Benefits.....	—	+500,000,000	500,000,000	
Collections:				
State error liability	—	-100,000,000	-100,000,000	
Total, Appropriation	15,706,339,000	+270,342,000	15,976,681,000	

1/ Program expires; a replacement program is proposed in the Department of Health and Human Services.

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase or Decrease	1991 Estimated
Benefits:				
Correct benefits	$10,768,894,034	$12,463,187,000	+$709,958,000	$13,173,145,000
Erroneous benefits	835,517,640	938,089,000	+23,042,000	961,131,000
Total, Benefits costs	11,604,411,674	13,401,276,000	+733,000,000(1)	14,134,276,000
Administrative costs:				
State administration.....	1,076,574,386	1,165,603,000	+64,619,000(2)	1,230,222,000
Employment and Training ...	126,088,006	149,378,000	+4,016,000(3)	153,394,000
Other program costs:				
Printing of stamps	17,842,475	18,442,000	+1,094,000	19,536,000
Shipment of stamps	2,830,000	2,900,000	+173,000	3,073,000
Processing redeemed stamps	17,212,000	16,502,000	+2,395,000	18,897,000
Computer support systems	3,126,000	3,188,000	-227,000	2,961,000
Certification of SSI recipients for food stamps	2,679,000	2,874,000	+35,000	2,909,000
Printing redemption certificates	162,551	492,000	+508,000	1,000,000
Bank monitoring system ..	49,235	261,000	+15,000	276,000
Printing other than stamps	598,000	715,000	+43,000	758,000
Research, evaluation and demonstration projects	7,805,644	7,592,000	+1,408,000	9,000,000
State exchange projects .	148,542	169,000	+10,000	179,000
QC litigation		197,000	+3,000	200,000
Subtotal, Other program costs	52,453,447	53,332,000	+5,457,000(4)	58,789,000
Total, Administrative costs .	1,255,115,839	1,368,313,000	+74,092,000	1,442,405,000
Nutrition Assistance Puerto Rico.....	908,250,000	936,750,000	-936,750,000(5)	—
Total, Obligations	13,767,777,513	15,706,339,000	-129,658,000	15,576,681,000
Unobligated balances Lapsing	55,801,487	—	+500,000,000(6)	500,000,000
State error liability collections	—	—	-100,000,000(7)	-100,000,000
Total, Available or Estimate.	13,823,579,000	15,706,339,000	+270,342,000	15,976,681,000
Gramm-Rudman-Hollings Reduction	—	757,000	-757,000	--
Total, Appropriation.....	13,823,579,000	15,707,096,000	+269,585,000	15,976,681,000

EXPLANATION OF PROGRAM

FOOD STAMP PROGRAM

Overview of Program Development. The Food Stamp Program, which is authorized through September 30, 1990, by the Food Security Act of 1985, (P.L. 99-198) helps individuals and families with low incomes to obtain a more nutritious diet.

The program was initiated on a pilot basis in 1961 and established as a permanent program in 1964. The Food Stamp Program enables low-income households to obtain better diets by augmenting the funds they have to spend on food with food stamps usable to purchase food items at most food stores. The Food Stamp Program evolved from the commodity distribution to needy families program established in 1936. Commodities purchased for farm assistance purposes were made available for distribution to needy individuals through various Federal, State, and local welfare organizations. In 1961, the basic emphasis of commodity donations changed significantly when an Executive Order expanded the program's objectives from removing surpluses to also encompass raising the quantity and improving the quality of foods distributed. Beginning in that year a food stamp pilot project was undertaken in a number of States which showed that domestic agriculture benefited from the increased purchasing power available to low-income households.

The Food Stamp Act of 1964 authorized a permanent Food Stamp Program which would gradually supplant commodity distribution. The program was implemented in most counties by 1969, although it was not until Fiscal Year 1975 that the Food Stamp Program became available in all counties nationally.

Legislation

Food Stamp Program operations were affected by five legislative actions which were approved in Fiscal Year 1989.

- P.L. 100-481, Technical Correction in the Family Independence Demonstration Project (FIP) (October 11, 1988), assured that those who did not participate in Washington State's welfare reform project but lived in households with participants would receive a food stamp allotment that is no less than they would have received if there were no FIP demonstration.

- P.L. 100-503, the Computer Matching and Privacy Protection Act of 1988 (October 18, 1988), required procedures to safeguard the rights of households that might suffer an adverse effect as the result of a computer match.

- P.L. 100-619, Technical Correction to the Hunger Prevention Act of 1988 (November 5, 1988), changed the effective date for section 344 of the Hunger Prevention Act (P.L. 100-435) (authority for the Secretary to levy a civil money penalty in lieu of permanent disqualification under certain conditions) to October 1, 1988 rather than July 1, 1989.

- P.L. 100-707, the Robert T. Stafford Disaster Relief and Emergency Assistance Act (November 21, 1988), excluded as income and resources Federal major disaster and emergency assistance provided to individuals and families under that Act and comparable disaster assistance provided by States, local governments, and disaster assistance organizations.

- P.L. 101-56, the Computer Matching and Privacy Protection Act of 1989 (July 19, 1989), delayed implementation of the Computer Matching and Privacy Protection Act of 1988 (P.L. 100-503) until January 1, 1990.

Eligibility and Benefits. Eligible participants are entitled to food stamp allotments based on their household size and net income after certain deductions. The food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance of the Food Stamp Program.

Benefit Costs. The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands and Guam. The cost of the stamps is paid by the Federal Government and is called "benefit" costs. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the Thrifty Food Plan (TFP). The last revision was made on October 1, 1989. The maximum benefit in Fiscal Year 1990 for a family

of four is $331, or 102.05 percent of the value of TFP. In Fiscal Year 1990 the overpayment error rate is expected to be 7.0 percent of total benefit costs. It is anticipated that this rate will decline to 6.8 percent in Fiscal Year 1991. In Fiscal Year 1990, an average of 19.3 million persons are expected to participate in the program monthly and receive stamps worth an average of $58.84 per person per month to supplement their existing income for the purchase of food.

State Administration. Since October 1, 1974, all direct and indirect administrative costs incurred for certification of households, issuance of food stamps, quality control and fair hearing efforts have been shared by the Federal Government and the States on a 50-50 basis. Enhanced Federal funding at the 75 percent level is available for automated data processing development costs incurred by State agencies. State agencies can also receive 75 percent funding for fraud prevention related activities. The Hunger Prevention Act of 1988 (P.L. 100-435) revised the incentive system for States with low overpayment error rates. The normal 50 percent Federal share of State administrative costs can be increased up to a maximum of 60 percent, depending on the extent to which the State's error rate falls below 6 percent, provided they also meet a standard for the rate of improper denials or terminations set by the Secretary.

The Hunger Prevention Act of 1988 altered the assessment of liabilities for States with excessive errors. State agencies are held liable when their rate of overissuances and payments to ineligible households plus their rate for underissuance exceeds the lowest ever achieved national error rate average plus one percent. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds a tolerance level.

State administration also includes State anti-fraud activities. Under the provisions of the Food Stamp Act of 1977, as amended, States are eligible to be reimbursed for 75 percent of the costs of their food stamp fraud investigations and prosecutions. Of the funds appropriated for State administration, $69.2 million has been budgeted to cover State anti-fraud activities in Fiscal Year 1990.

Employment and Training (E&T) Program. States are required to implement an E&T program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. In Fiscal Year 1990, the Department will provide States 100 percent Federal grants totaling $60 million, and distribute $15 million based on State agency performance in placing participants into E&T programs. Additional funds will be spent by State agencies and matched by the Federal Government to administer E&T programs.

Other Program Costs. In addition to State administrative and E&T expenses, other program costs borne by the Federal Government include:

(1) the printing and transporting of stamps to authorized State agencies;

(2) processing and destruction of redeemed stamps by Federal Reserve Banks;

(3) the computer support systems;

(4) the cost of certifying Supplemental Security Income/Social Security recipients for participation in the Food Stamp Program by the district offices of the Social Security Administration;

(5) the printing of food stamp redemption certificates;

(6) the bank monitoring system;

(7) printed materials other than stamps to help families living in poverty or near poverty to achieve adequate diets;

(8) the cost of research, evaluation and demonstration projects authorized under Section 17 of the Food Stamp Act of 1977;

(9) as a part of continuing management improvement initiatives, funds are used to promote the sharing of information between State agencies through State exchange funds; and

(10) the cost of expediting the litigation claims arising from the Quality Control System.

State/Federal Responsibilities. The Food Stamp Program is a Federal-State partnership in which the States administer the program at the service delivery level. Households apply for food stamps at their local State welfare offices. State workers use uniform nationwide rules promulgated by the Food and Nutrition Service (FNS) to determine and certify which households are eligible, to calculate the size of each household's allotment, and to monitor and recertify recipient eligibility. Food stamps are typically dispensed on a monthly basis through local banks or the mail. In Fiscal Year 1990 States will receive $1.2 billion in Federal funds to defray State administrative costs.

The Food Security Act of 1985 requires that each State have an E&T program to help able-bodied individuals in food stamp households gain skills and experience that will help them obtain regular employment.

The Quality Control System encourages payment accuracy by establishing fiscal incentives based on State performance in benefit determinations. State agencies with high error rates are assessed liabilities, while enhanced administrative funding is provided to States with low error rates.

FNS funds 100 percent of the cost of food stamps redeemed. FNS also funds over 50 percent of State administrative costs for the program. FNS is responsible for authorizing and monitoring stores participating in the program. Over 220,000 stores are authorized to redeem food stamps. After recipients use their food stamps to purchase food at stores, the stores redeem the stamps at banks. The banks, in turn, redeem the stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the FNS appropriation directly from the U.S. Treasury. FNS also monitors the redemption process on an ongoing basis.

NUTRITION ASSISTANCE FOR PUERTO RICO

Overview of Program Development. Authorized by section 116(a) of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), a grant for nutrition assistance to Puerto Rico was implemented July 1, 1982. The Food Security Act of 1985 (P.L. 99-198), enacted December 23, 1985, reauthorized appropriations through Fiscal Year 1990.

Eligibility. This grant, which replaced the Food Stamp Program in Puerto Rico, gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. In Fiscal Year 1990, Puerto Rico will continue its system of providing cash benefits to households which meet eligibility standards of the Nutrition Assistance Program. These eligibility standards are similar to those of the Food Stamp Program.

Benefits. Cash grants are provided to low income households to help them purchase food for an adequate diet. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico. One project related to tick eradication was funded during Fiscal Year 1989 and it will continue to be funded during Fiscal Year 1990.

State/Federal Responsibilities. The Commonwealth must submit its annual plan of operation to the Secretary for approval. FNS provides a grant award to the Commonwealth to operate the program in accordance with its approved plan. The grant is intended to cover 100 percent of the cost of program benefits, 50 percent of the cost of administrative expenses and support for approved special projects.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $733,000,000 in the appropriation for Benefit Costs ($13,401,272,000 available in 1990) consisting of:

(a) An increase of $709,958,000 for properly issued benefits ($12,463,187,000 available in 1990).

Need for Change. For Fiscal Year 1991, the scheduled increase in the value of the TFP, as well as the increase in the maximum benefit level to 103.00

of the TFP, will result in an increase in benefits for all households. Program participation is expected to decrease slightly from 19.3 million in Fiscal Year 1990 to 19.2 million in Fiscal Year 1991.

Nature of Change. A comparison of key program workload and cost indicators for Fiscal Years 1989 through 1991 is presented below:

	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate
Average participation (000)	18,821	19,306	19,214
Average unemployment rate (percent)	5.25	5.48	5.43
Thrifty Food Plan	$298.00	$325.00	$334.00
Maximum Benefit (family of 4)	$300.00	$331.00	$344.00
Average benefit per person per month	$51.89	$58.84	$61.30

(b) An increase of $23,042,000 for erroneous benefits ($938,089,000 available in 1990).

Need for change. The error rate, which will be applied to a higher base level each year as a result of increases in the maximum benefit value, is projected to decline from 7.0 percent in Fiscal Year 1990 to 6.8 percent in Fiscal Year 1991.

Nature of change. A comparison of error rates and erroneous benefits follows:

	FY 1989	FY 1990 Estimate	FY 1991 Estimate
Amount of erroneous benefits ($ millions)	$836	$938	$961
Error rate	.0720	.0700	.0680

(2) An increase of $64,619,000 in the appropriation for State Administrative Costs ($1,165,603,000 available in 1990).

Need for Change. Based on the most recent economic projections, moderate rates of inflation between 1990 and 1991 are expected to increase the cost of providing food stamp benefits.

Nature of Change. This increase reflects the application of a projected rate of inflation of 5.4 percent to the Fiscal Year 1990 base level for costs shared by State and local agencies and the Federal Government. The increase also includes an additional $8 million budgeted for incentive payments to States.

(3) An increase of $4,016,000 in the appropriation for the E&T Program ($149,378,000 available in 1990).

Need for Change. The increase of $4,016,000 is necessary to provide for the matching funds for participant reimbursements and State administrative costs to carry out the E&T Program.

Nature of Change. Public Law 99-195 mandates the Secretary to allocate funds among the States to carry out the E&T Program. This level of funding will enable the Department to provide States $75 million authorized for the basic level and additional matching funds for participant reimbursement and State administrative costs to assist them in providing E&T services.

(4) A net increase of $5,457,000 in the appropriation for Other Program Costs ($53,332,000 available in Fiscal Year 1990).

(a) An increase of $1,094,000 in the appropriation for the printing of stamps ($18,442,000 available in Fiscal Year 1990).

(b) An increase of $173,000 in the appropriation for the shipping of stamps ($2,900,000 available in Fiscal Year 1990).

(c) A increase of $2,395,000 in the appropriation for the processing of redeemed stamps ($16,502,000 available in Fiscal Year 1990).

(d) An decrease of $227,000 in the appropriation for the cost of computer support systems ($3,188,000 available in Fiscal Year 1990).

(e) An increase of $35,000 in the appropriation for the cost of certification of Supplemental Security Income recipients for food stamps ($2,874,000 available in Fiscal Year 1990).

(f) An increase of $508,000 in the appropriation for the cost of printing redemption certificates ($492,000 available in Fiscal Year 1990). The estimates reflect the results of recent contract negotiations and the anticipated cost of micr-encoding redemption certificates.

(g) An increase of $15,000 in the appropriation for the cost of the bank monitoring system ($261,000 available in Fiscal Year 1990).

(h) An increase of $43,000 in the appropriation for printing other than stamps ($715,000 available in Fiscal Year 1990).

(i) An increase of $1,408,000 in the appropriation for research, evaluation and demonstration projects ($7,592,000 available in Fiscal Year 1990).

(j) An increase of $10,000 in the appropriation for State exchange projects ($169,000 available in Fiscal Year 1990).

(k) An increase of $3,000 in the appropriation for Quality Control litigation costs ($197,000 available in Fiscal Year 1990).

Need for Change. Increases in other program costs are attributed to the moderate rates of inflation projected between 1990 and 1991.

(5) A decrease of $936,750,000 resulting from the replacement of the Nutrition Assistance to Puerto Rico Grant by the account Fiscal Assistance to Puerto Rico in the Department of Health and Human Services.

(6) An increase of $500,000,000 in unobligated balances lapsing as a contingency forbenefit payments not anticipated in budget estimates.

Need for Change. The additional $500 million will ensure the availability of sufficient funds and avoid the need for supplemental appropriations or benefit reductions if actual benefit requirements exceed preliminary budget estimates.

(7) A decrease of $100,000,000 resulting from collections for State error liabilities.

FOOD STAMP PROGRAM
Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

	1991		
	Current Law	Program Change	President's Request
Benefits	$14,634,276,000	-$50,000,000	$14,584,276,000
Employment and Training	153,394,000	- 20,000,000	133,394,000
Total available	$14,787,670,000	-$70,000,000	$14,717,670,000

Explanation of Proposed Legislation

Child Support Enforcement: This proposal would require that food stamp households cooperate with the State Child Support Enforcement Agency in establishing and/or enforcing a support award. This proposal would only apply to food stamp households containing children and in which a parent is absent. Custodial parents must cooperate to be considered eligible to participate in the program; their dependent children would be eligible whether or not the custodial parent cooperates. Child support collected and forwarded to the household would be treated as income in determining eligibility and the amount of food stamps to be provided. This proposal will increase family income enough to save $50 million in Fiscal Year 1991.

E&T Program Operational Funding: This proposal would limit to $12.50 matchable State operational expenditures on a per-month, per-participant basis. This proposal will save $20 million in Fiscal Year 1991.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Donations Programs for Selected Groups

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013), [and] section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), [$206,510,000] and
1 section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)) (CSFP), $287,670,000: Provided, That the funds provided in this Act that are allocated to CSFP shall remain available through September 30, 1992 and shall be the amount appropriated for purposes of determining State administrative grants pursuant to section 5(a) of the Agriculture and Consumer Protection Act.

For necessary expenses to carry out section 110 of the Hunger Prevention Act of 1988, [$40,000,000] $32,000,000.

[Commodity Supplemental Food Program]

2 [For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than $8,000,000 for the projects in Detroit, New Orleans, and Des Moines, $65,028,000: Provided, That funds provided herein shall remain available through September 30, 1991: Provided further, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.]

The first change adds appropriation language for the Commodity Supplemental Food Program (CSFP), which is proposed for incorporation with this account and adds the amount requested for Fiscal Year 1991.

The second change deletes 1990 appropriation language for CSFP.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations Act, 1990	$311,538,000
Budget Estimate, 1991	319,670,000
Increase in Appropriation	+8,132,000

Adjustments in 1990		
Appropriation Act, 1990	$311,538,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-3,448,000	
Adjusted base for 1990		308,090,000
Budget estimate, Current Law, 1991		319,670,000
Increase over adjusted 1990		+11,580,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Changes	1991 Estimated
Food Distribution Program on Indian Reservations	$60,140,000	$14,701,000	$74,841,000
Nutrition Program for the Elderly	143,482,000	+6,415,000	149,897,000
Commodities for Soup Kitchens	39,440,000	-7,440,000	32,000,000
Commodity Supplemental Food Program (CSFP)	65,028,000	-2,096,000	62,932,000
Total Available	308,090,000	+11,580,000	319,670,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
1. Food Distribution Program on Indian Reservations:				
Commodities in lieu of food stamps	$41,758,043	$43,530,000	+$14,481,000	$58,011,000
Payments to distributing agencies for administration	16,095,957	16,610,000	+220,000	16,830,000
Subtotal, Food Distribution Program on Indian Reservations	57,854,000	60,140,000	+14,701,000(1)	74,841,000
2. Nutrition Program for the Elderly:				
Commodities	9,219,706	9,327,000	+416,000	9,743,000
Cash in Lieu of commodities	132,073,294	134,155,000	+5,999,000	140,154,000
Subtotal, Nutrition Program for the Elderly	141,293,000	143,482,000	+6,415,000(2)	149,897,000
3. Commodities for Soup Kitchens	40,000,000	39,440,000	-7,440,000(3)	32,000,000

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
4. Commodity Supplemental Food Program:				
Commodities	38,811,483	53,529,618	-3,666,678	49,862,940
Administrative costs	7,500,000	9,754,200	-314,400	9,439,800
Special admin. funds	3,688,517	1,744,182	+1,885,078	3,629,260
Subtotal, Commodity Supplemental Food Program	50,000,000	65,028,000	-$2,096,000(4)	62,932,000
Total, Available or Estimate	289,147,000	308,090,000	+11,580,000	319,670,000
Gramm-Rudman-Hollings Reduction	—	3,448,000	-3,448,000	—
Total, Appropriation	289,147,000	311,538,000	+8,132,000	319,670,000

PROJECT STATEMENT
(On basis of available funds)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
1. Food Distribution Program on Indian Reservations:				
Commodities in lieu of food stamps	$41,695,911	$43,530,000	+$14,481,000	$58,011,000
Payments to distributing agencies for administration	15,383,190	16,610,000	+220,000	16,830,000
Subtotal, Food Distribution Program on Indian Reservations	57,079,101	60,140,000	+14,701,000(1)	74,841,000
2. Nutrition Program for the Elderly:				
Commodities	9,301,000	9,327,000	+416,000	9,743,000
Cash in Lieu of commodities	131,562,112	134,155,000	+5,999,000	140,154,000
Subtotal, Nutrition Program for the Elderly	140,863,112	143,482,000	+6,415,000(2)	149,897,000
3. Commodities for Soup Kitchens	40,000,000	39,440,000	-7,440,000(3)	32,000,000
4. Commodity Supplemental Food Program:				
Commodities	46,403,174	57,263,042	-7,400,102	49,862,940
Administrative costs	7,860,095	9,754,200	-314,400	9,439,800
Special admin. funds	2,739,395	1,744,182	+1,885,078	3,629,260
Subtotal, Commodity Supplemental Food Program	57,002,664	68,761,424	-$5,829,424(4)	62,932,000
Total Obligations	294,944,877	311,823,424	+7,846,576	319,670,000
Recovery of prior year obligations	-485,554	—	—	—
Unobligated balances:				
Available, start of year	-10,250,534	-3,733,424	+3,733,424	
Available, end of year	3,733,424			
Lapsing	1,204,787			
Total, Available or Estimate	289,147,000	308,090,000	+11,508,000	319,670,000
Gramm-Rudman-Hollings Reduction	—	3,448,000	-3,448,000	—
Total, Appropriation	289,147,000	311,538,000	+8,132,000	319,670,000

EXPLANATION OF PROGRAM

Food Donations Programs for Selected Groups includes funds for: the Food Distribution Program on Indian Reservations (FDPIR); the continuation of food assistance to the Republic of Palau; the Nutrition Program for the Elderly (NPE); commodity purchases for soup kitchens and food banks authorized by the Hunger Prevention Act of 1988 (Public Law 100-435), and the Commodity Supplemental Food Program (CSFP).

Food Distribution Programs on Indian Reservations.

Overview of Program Development. The Food and Agriculture Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Pacific Islands. FDPIR was provided as an alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program was not available or where food stores were inconvenient. The Act requires that a food distribution program be established on an Indian reservation if an Indian Tribal Organization (ITO) requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. P.L. 97-98 authorized low-income Indian households residing in Oklahoma to participate in the program.

The Compact of Free Association Act of 1985 (P.L. 99-239) as amended by the Palau Compact of Free Association Act (P.L. 99-658) terminated the Trusteeship Agreement with the Federated States of Micronesia and the Marshall Islands and established them as Freely Associated States. For transition purposes, food assistance continued through Fiscal Year 1989 but at reduced levels, except in the nuclear affected zones of Bikini and Enewetak, as prescribed by these laws. Food assistance for Palau will continue at normal levels until a compact is in effect for that area.

Eligibility and Benefits. Household eligibility for FDPIR is determined by income and resources in a manner similar to that used for Food Stamp Program eligibility. Unlike the Food Stamp Program, FDPIR has no employment and training requirements. Recipients must reside on or near a participating reservation, or reside in Oklahoma. In areas where both FDPIR and food stamps are available, no household may participate simultaneously in both programs, although they may switch from one program to the other.

In Fiscal Year 1990 participation in FDPIR is expected to average about 143 thousand per month. It is estimated that 520 residents of the Pacific Islands will receive food assistance each month in Fiscal Year 1990.

The foods made available to the distributing agencies include canned meats and fish, fruit, vegetables and juice, flour, rice, pasta, cornmeal, dairy products, honey, cereal, oil and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation (CCC) donates them for use in this program. In Fiscal Year 1990 the value of the food package distributed on Indian reservations will average about $29.48 per person per month, including $4.69 worth of commodities donated by CCC.

State/Federal Responsibilities. FDPIR is operated through a partnership between State distributing agencies or Indian tribal organizations and the Food and Nutrition Service (FNS). The grantee agency is responsible for certifying recipient eligibility, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity.

The Federal Government pays 100 percent of the cost of commodities distributed through the program. In addition, cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. In Fiscal Year 1990, the Federal Government expects to pay about 79 percent of distributing agencies' administrative expenses. Included among these costs are local warehousing and transportation of commodities, utilities, salaries and equipment.

Nutrition Program for the Elderly.

Overview of Program Development. Food assistance for NPE is authorized by Titles III and VI of the Older Americans Act of 1965. The Older Americans Act Amendments of 1987 (P.L. 100-175) reauthorized the program through Fiscal Year 1991. The cash and commodities provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

NPE is administered by the U.S. Department of Health and Human Services (HHS). USDA supplements HHS programs for the elderly with commodities and/or cash in lieu of commodities for meals served under the provisions of Title III, section 311(a), Grants for State and Community Programs on Aging, and Title VI, Grants for Indian Tribes, of the Older Americans Act of 1965 (OAA), as amended.

Eligibility and Benefits. Commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. P.L. 100-175 set the rate at 56.76 cents per meal through Fiscal Year 1991. Some States elect to take all of their subsidies in cash and some States choose to receive a combination of cash and commodities. The commodities made available to NPE are generally the same as those provided to schools under the Child Nutrition Programs. In addition to the 56.76 cent per meal entitlement, States or Indian tribes which elect 20 percent of their benefits in commodities are eligible to receive such bonus commodities as USDA can make available.

Although originally a program to distribute nutritious USDA purchased commodities to senior citizen meal sites, the program has evolved primarily into a cash subsidy program. Approximately 6 percent of program resources are distributed to meal providers in commodities. Elderly persons regardless of income may benefit from these subsidies.

The amount available for Fiscal Year 1990 will support 253 million meals at a reimbursement rate of 56.76 cents per meal.

State/Federal Responsibilities. State Agencies on Aging designate area Agencies on Aging to plan and coordinate the program through local outlets. The State Agencies on Aging and Indian tribal agencies request USDA-donated foods, cash in lieu of foods, or a combination of both to use in providing meals to the elderly at various sites. State Agencies on Aging and Indian Tribal organizations that receive commodities obtain them primarily from the State distributing agency that provides USDA foods to schools for the National School Lunch Program.

Commodity Purchases for Soup Kitchens.

Overview of Program Development. USDA has provided surplus commodities to soup kitchens and food banks for a number of years through food donations to charitable institutions. In addition, the Hunger Prevention Act of 1988 mandates the purchase and distribution of $40 million worth of commodities to soup kitchens and food banks in each of Fiscal Years 1989 and 1990, and $32 million in Fiscal Year 1991.

Eligibility. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities (soup kitchens). When commodities cannot be used by these organizations, States provide such commodities to food banks.

Benefit. USDA provides commodities to States for local distribution to soup kitchens and food banks. USDA will distribute canned pork, canned corn, dry beans, canned peaches, peanut butter, canned plums, canned apple juice, apple sauce and canned sweet potatoes in Fiscal Year 1990.

State/Federal Responsibilities. Within the States, distribution to soup kitchens and food banks and payments for storage and distribution are the responsibility of State distributing agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by soup kitchens and food banks and managing the distribution of commodities to local organizations. States are also responsible for ensuring that soup kitchens and food banks comply with all Federal program regulations and requirements. In addition, States are responsible for allocating administrative funds received under the Temporary Emergency Food

Assistance Programs (TEFAP) to TEFAP emergency feeding organizations, soup kitchens and food banks.

Commodity Supplemental Food Program.

Overview of Program Development. Instituted in November 1968 through Public Law 90-463, CSFP is now authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended in 1981 by P.L. 97-98. The primary goal of the program is to provide commodities to supplement the diets of low-income pregnant, postpartum and breastfeeding women, and infants and children up to age six. The purpose and clientele is similar to the Special Supplemental Food Program, although nutritional risk assessments, nutrition education and health care referrals are not required for CSFP.

The elderly component of CSFP was initiated by the Agriculture and Food Act of 1981, P.L. 97-98, which provided for two pilot projects for low-income elderly persons in Polk County, Iowa and in Detroit, Michigan. These projects began operations in September, 1982 and a third pilot project in New Orleans, Louisiana, began after authorization by P.L. 97-370, December 18, 1982. The Food Security Act of 1985, P.L. 99-198, provided that funds available beyond those needed to serve women, infants, and children could be used to serve elderly persons beyond those participating in the original pilot project sites. Since 1982, elderly caseload has grown to about 40 percent of the program total.

Eligibility and Benefits. This program provides supplemental foods donated and purchased by USDA to infants and children up to age six and to pregnant, postpartum and breastfeeding women and senior citizens who have low incomes and are residing in approved project areas. In Fiscal Year 1990, authorized caseload levels of 165,092 women, infants and young children and 106,754 elderly have been allocated to receive food packages each month. The foods are provided by the Department of Agriculture for distribution through State agencies. The commodities provided include iron-fortified infant formula and cereal, adult cereals, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, farina, and peanut butter or dry beans. Elderly participants receive all commodities except iron-fortified infant formula and infant cereal. CSFP participants sometimes receive "bonus" commodities in addition to the authorized food package.

When appropriate commodities are held in CCC inventory, they may be donated by CCC without charge to the CSFP appropriation and used to fulfill part of the authorized food package. Such donated commodities are referred to as "free foods". Since free foods are not charged against the CSFP appropriation, funds that are saved can be made available for additional participants.

State/Federal Responsibilities. The CSFP is operated as a State/Federal partnership under agreements signed by State health care or agricultural agencies and FNS. The Federal Government provides all commodities distributed to participants through the program. States are given 15 percent of the Federal funds appropriated to cover administrative costs. In addition, the Food Security Act of 1985 authorized additional administrative funds by extending the formula to include 15 percent of the value of additional bonus and free commodities distributed. Thus, administrative expense support ranges from about 18 to 21 percent of the appropriation. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $14,701,000 in the appropriation for FDPIR and in the Pacific Islands ($60,140,000 available in 1990).

(a) An increase of $14,481,000 for commodities in lieu of food stamps ($43,530,000 available in Fiscal Year 1990).

Need for Change. The increase reflects higher anticipated participation and food costs. Increases in food cost include funds to purchase commodities which were donated from surplus supplies in prior years such as honey and cheese and additional adjustments made to other package items.

In addition, the increase reflects the cost of improvements to the basic food package.

Nature of Change. Funds requested will allow the average monthly participation in FDPIR to be maintained at the 1990 level.

(b) An increase of $220,000 for State administrative expenses (SAE) ($16,610,000 available in Fiscal Year 1990).

Need for Change. The funding level for SAE is based on prior operations including adjustment for inflation. The annualization of costs associated with new tribes which entered the program during Fiscal Year 1990 increases the total funding required.

Nature of Change. An appropriation of $16,830,000 will be needed for administrative expenses in 1991.

Food Distribution Program

	FY 1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Indian Reservations:				
Average participation	139,024	143,000	143,000	—
Average monthly food package:				
FNS purchased	$24.30	$24.79	$33.23	+$8.44
CCC bonus commodities	5.78	4.69	3.01	-$1.68
Total monthly food package	$30.08	$29.48	$36.24	+$6.76
Annual value of FNS purchased commodities	$40,538,438	$42,542,000	$57,023,000	$14,481,000
Indian Administration Cost	15,383,190	16,610,000	16,830,000	+220,000
Pacific Islands	530,000	488,000	488,000	—
Disaster Feeding	627,473	500,000	500,000	—
TOTAL FNS COST	$57,079,101	$60,140,000	$74,841,000	14,701,000
CCC bonus commodities	9,638,000	8,043,000	5,166,000	-2,877,000
GRAND TOTAL	$66,717,101	$68,183,000	$80,007,000	$+11,824,000

(2) An increase of $6,415,000 in the appropriation for NPE ($143,482,000 available in 1990).

Need for Change. The increase would allow an increase in the number of meals served. The rate of reimbursement will not change.

Nature of Change. Increased funding will support anticipated program growth.

	1989	1990	1991
Meals served (millions)	243	253	264
Rate per meal (cents)	56.76	56.76	56.76

(3) A decrease of $7,440,000 in the appropriation for Commodities for Soup Kitchens.

Need for change. The Hunger Prevention Act of 1988 authorized $32,000,000 in appropriations for Fiscal Year 1991.

Nature of change. The authorized level changes.

(4) A decrease of $2,096,000 in the appropriation for CSFP ($65,028,000 available in 1990). On the basis of available funds there is a decrease of $5,829,424 ($68,761,424 available in 1990).

Need for change. This net decrease reflects the cost of nonfat dry milk being donated from CCC surplus as a free substitute to the program partially offset by a projected rise in the food package costs due to the increases in the Producer Price Index.

Nature of change. The funding level requested for Fiscal Year 1991 will support Fiscal Year 1990 caseload levels of 165,092 women, infants and children and 106,754 elderly.

Commodity Supplemental Food Program

	1989 Actual	FY 1990 Estimate	FY 1991 Estimate	Change
Peak Participation (in thousands):				
CSFP/WIC	179	165	165	0
CSFP/Elderly	113	107	107	0
Program Level ($ in millions):				
Food costs	$46.4	$57.3	$49.9	-$7.4
State and local administrative costs	7.9	9.8	9.4	-$0.4
Special administrative costs	2.7	1.7	3.6	+$1.9
Total	57.0	$68.8	$62.9	-$5.9
Average food cost per person per month:				
Women, Infants and Children:				
Entitlement	$18.09	$19.40	$21.05	+$1.65
FNS funded	(16.24)	(19.40)	(17.51)	(-1.89)
Free substitute (donated)	(1.85)	(—)	(3.54)	(+3.54)
Bonus (donated)	(4.08)	3.16	3.28	+0.12
Average per person total commodities	22.17	$22.56	$24.33	+$1.77
Elderly:				
Entitlement	14.22	$14.70	$15.97	+$1.27
FNS funded	(11.27)	(14.70)	(11.99)	(-2.71)
Free substitute (donated)	(2.95)	(—)	(3.98)	(+3.98)
Bonus (donated)	5.55	4.19	4.36	+ 0.17
Average per person total commodities	19.77	$18.89	$20.33	+ 1.44

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Temporary Emergency Food Assistance Program (TEFAP)

For necessary expenses to carry out the Temporary Emergency Food
1 Assistance Act of 1983, as amended, [$50,000,000: Provided, That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess
2 commodities] <u>$170,000,000, of which $120,000,000 shall be for the purchase of commodities that shall be purchased first from Federally financed Commodity Credit Corporation commodities, subject to the availability of commodities, and of which $50,000,000 shall be for administrative costs incurred by States and emergency feeding organizations</u>.

[For purchases of commodities to carry out the Temporary Emergency Food Assistance Act of 1983, as amended by section 104 of the Hunger Prevention Act of 1988, $120,000,000.]

<u>The first change</u> deletes a requirement that is no longer necessary.

<u>The second change</u> continues the expiring TEFAP by providing for the purchase of commodities from the CCC, and on the open market if appropriate CCC commodities are not available. This ensures that a minimum of $120,000,000 in commodities is available for TEFAP.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

Appropriations Act, 1990	$170,000,000
Budget Estimate, 1991	170,000,000
Change in Appropriation	0

Adjustments in 1990		
Appropriation Act, 1990	$170,000,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-605,000	
Adjusted base for 1990		169,395,000
Budget estimate, Current Law, 1991		170,000,000
Increase over adjusted 1990		605,000

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Program Change	1991 Estimated
Temporary Emergency Food Assistance	$169,395,000	+$605,000	$170,000,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1989 Actual	1990 Estimated	Increase	1991 Estimated
Administrative Costs	$ 50,000,000	$ 49,822,000	+$178,000	$ 50,000,000
Commodity Procurement	120,000,000	119,573,000	+ 427,000	120,000,000
Total Available or Estimate	$170,000,000	$169,395,000	+$605,000	$170,000,000
Gramm-Rudman-Hollings Reduction	—	605,000	-605,000	—
Total Appropriation	$170,000,000	$170,000,000	—	$170,000,000

EXPLANATION OF PROGRAM

Overview of Program Development. The Temporary Emergency Food Assistance Program (TEFAP) evolved from the Special Dairy Distribution Program which began December 11, 1981, with the release of 30 million pounds of cheese. The program has the dual goals of reducing government held dairy surpluses and providing emergency food assistance to low income individuals and households. TEFAP was formally authorized in 1983 by Section 204 of Public Law 98-8 including the provision of funds to State and local agencies to share some of the cost of intrastate distribution of the commodities.

Public Law 98-92 appropriated funds for Fiscal Year 1983 and authorized funds through Fiscal Year 1985 for costs of storage and intrastate distribution of CCC commodities donated to individuals by States. Public Law 100-77 authorized funds through Fiscal Year 1988 for this purpose.

The Hunger Prevention Act of 1988 authorized for Fiscal Years 1989 and 1990, $50 million for continued support of State administrative activities and $120 million for the purchase and distribution of additional commodities that are high in nutrient content, as well as safely and easily stored and used. The purchased commodities are in addition to surplus commodities that can be made available from USDA inventories. This program expires at the end of Fiscal Year 1990.

Eligibility. Commodities are distributed to the States which, in turn, provide them to low income and unemployed persons, according to income-based eligibility criteria set by the States. Commodities are allocated to States using a formula based on the number of unemployed persons and persons in poverty.

Benefit. USDA provides commodities and cash subsidies for State and local expenses incurred for storage and distribution of USDA donated commodities. USDA will distribute butter, flour, cornmeal and honey in Fiscal Year 1990. USDA does not project sufficient acquisition of commodities through normal price support and surplus removal programs to distribute cheese, non-fat dried milk or rice in Fiscal Year 1990. However, through the Hunger Prevention Act of 1988, funds have been provided so that USDA may purchase foods high in nutrient density specifically for distribution via TEFAP.

In Fiscal Year 1990, USDA plans to purchase and distribute peanut butter, canned vegetarian beans, canned green beans, canned pork and raisins.

Administrative funds are distributed by the Food and Nutrition Service (FNS) to States through grants. Allocation of the funds to States is based on a formula which considers the States' number of unemployed persons and the number of persons with incomes below the poverty level.

State/Federal Responsibilities. TEFAP operates as a Federal/State partnership under agreements entered into between FNS and State agencies. Within the States, distribution to emergency feeding organizations and receipt of payments for storage and distribution is the responsibility of State distributing agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by emergency feeding organizations, establishing criteria for determining the eligibility of households to receive commodities, and managing the distribution of commodities to local organizations. States are also responsible for ensuring that local emergency feeding organizations comply with all Federal program regulations and requirements.

State administrative costs are subsidized by the Federal Government. By law, States must pass down at least 40 percent of their administrative funding to local organizations. Over two-thirds (68 percent) of all State distributing agency costs are for contracted services such as warehousing and delivery of commodities.

The Federal Government pays 100 percent of the costs of surplus commodities donated to States, plus $120 million in purchased commodities and $50 million administrative funds. USDA also pays for processing the commodities into household size packages, and shipping them to locations within the states.

JUSTIFICATION OF INCREASES

(1) An increase of $605,000 for the temporary storage and distribution of commodities and for the purchase of commodities.

Need for Change. This program is recommended for continuation in Fiscal Year 1991. The increase in funding represents the amount sequestered in Fiscal Year 1990 under Public Law 99-170.

Nature of Change. The funding requested will maintain the current level of support for purchasing commodities and sharing of administrative costs with the States, and ensure the availability of commodities.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Program Administration:

For necessary administrative expenses of the domestic food programs
1 funded under this Act, [$93,026,000; of which $5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law] $96,778,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $150,000 shall be available for employment under 5 U.S.C. 3109.

This change deletes a provision applicable to Fiscal Year 1990 and is no longer necessary.

FOOD PROGRAM ADMINISTRATION

Appropriations Act, 1990	$93,026,000
Budget Estimate, 1991	96,778,000
Increase in Appropriation	+3,752,000

Adjustments in 1990		
Appropriations Act, 1990	$93,026,000	
Gramm-Rudman-Hollings Reduction (P.L. 99-177)	-1,299,000	
Adjusted base for 1990		91,727,000
Budget Estimate, 1991		96,778,000
Increase over adjusted 1990		+5,051,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

Item of Change	1990 Estimated	Pay Cost	Program Changes	1991 Estimated
Child Nutrition	$29,665,000	+$571,000	+$1,061,000	$31,297,000
Special Milk	165,000	+3,000	+7,000	175,000
Supplemental Feeding	7,503,000	+144,000	+270,000	7,917,000
Food Stamp	52,468,000	+1,009,000	+1,880,000	55,357,000
Food Donations	1,926,000	+37,000	+69,000	2,032,000
Total Available	91,727,000	+1,764,000	+3,287,000	96,778,000

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1989 Actual Amount	1989 Actual Staff Years	1990 Estimated Amount	1990 Estimated Staff Years	Increase or Decrease	1991 Estimated Amount	1991 Estimated Staff Years
1. Child Nutrition	$28,727,000	580	$29,665,000	610	+$1,632,000	$31,297,000	610
2. Special Milk	160,000	3	165,000	3	+10,000	175,000	3
3. Supplemental Feeding	7,266,000	147	7,503,000	154	+414,000	7,917,000	154
4. Food Stamp	50,810,357	1,025	52,468,000	1,078	+2,889,000	55,357,000	1,078
5. Food Donations	1,865,000	38	1,926,000	40	+106,000	2,032,000	40
Unobligated balance	394,643	—	—	—	—	—	—
Total available or estimate	89,223,000	1,793	91,727,000	1,885	+5,051,000(1)	96,778,000	1,885
Gramm-Rudman-Hollings Reduction	—	—	1,299,000	—	-1,299,000	—	—
Total, Appropriation	89,223,000	1,793	93,026,000	1,885	+3,752,000	96,778,000	1,885

EXPLANATION OF PROGRAM

The Food Program Administration (FPA) appropriation funds Federal salaries and expenses necessary for the Food and Nutrition Service (FNS) to administer the U.S. Department of Agriculture's (USDA) domestic food assistance programs.

Overview. FNS was established August 8, 1969 to administer the food assistance programs. The program goals are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the nation's children, and to help America's farmers by providing an outlet for the distribution of foods purchased under farmer assistance authorities.

USDA began food distribution programs more than fifty years ago and used a variant of the current Food Stamp Program in the 1930's. Over the years, the programs shown in the following table were established and are currently in operation. Most FNS programs are operated in a Federal/State partnership, with State and local agencies administering the program at the actual service delivery level. The general complexity of the programs and the number of State entities that FNS must work with are key factors influencing FPA costs.

Year Begun	Program Name	Number and Types of Non-federal Partners	
1946	National School Lunch Program (NSLP)	59	State Education Agencies
		55	Food Distribution Agencies (Also, 20,000 School Food Authorities)
1955	Special Milk Program		(Essentially the same as NSLP)
1961	Food Stamp Program	53	State Agencies
		220,000	Food Retailers
		10,000	Financial Institutions
		37	Federal Reserve Banks
1965	Nutrition Program for the Elderly	59	State Agencies
1966	School Breakfast Program		(Essentially the same as NSLP)
1968	Child Care Food Program		(Essentially the same as NSLP)
1969	Summer Food Service Program		(Essentially the same as NSLP)
1969	Commodity Supplemental Food Program	20	State Agencies
1972	Special Supplemental Food Program for Women, Infants, and Children (WIC)	86	State Agencies (Also,
		50,000	Food Retailers)
1976	Food Distribution Program on Indian Reservations	6	State Agencies
		86	Indian Tribes
1981	Temporary Emergency Food Assistance Program	55	State Agencies
1982	Nutrition Assistance for Puerto Rico	1	State Agency

Responsibilities. FNS is responsible for paying the benefit costs and for paying a part of State administrative expenses for most food assistance programs. Depending upon how States have chosen to administer their part of the Federal/State partnership, FNS may work with the State department of human services, department of health, department of education, department on aging, department of agriculture, and/or State level commissions of other administrative units. When State law prohibits a State from disbursing program funds or where no State agency has assumed administrative responsibility, FNS assumes operation of the programs.

FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State Agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Organization. Administrative functions of FNS are managed by an Administrator, an Associate Administrator and four Deputy Administrators. Each Deputy Administrator is responsible for management of program or administrative functions, as follows:

-- Food Stamp Program - policy and planning related to the Food Stamp Program including retail store compliance and monitoring investigations through field locations.

-- Special Nutrition Programs - program planning, development and oversight for Child Nutrition, Supplemental Feeding Programs, Food Donations Programs, National Commodity Processing and nutrition and technical services.

-- Financial Management - accounting, budget and management information functions for all FNS programs.

-- Management - personnel, equal employment opportunity, automated data processing and general administrative services.

An Office of Regional Operations manages the seven regional offices, 66 field offices, and 22 additional satellite locations. These offices maintain direct contact with State agencies which administer the FNS programs and also conduct on-site management reviews of State operations and the 220,000 retailers authorized to accept food stamps.

For Fiscal Year 1990, FNS will concentrate on improving program administration and operations within existing law. The agency believes that greater emphasis on all aspects of program integrity and efficiency will result in improved benefit delivery to recipients. Major areas of emphasis in the administration of FNS programs include:

-- Implementation and operation of P.L. 100-237 mandated food distribution program enhancements which will make the system more responsive to recipient agencies, and implementation of P.L. 100-435 which refines key programs.

-- Implementation and monitoring of welfare reform demonstrations, and evaluating their cost and effectiveness.

-- Management evaluations of State operations, carried out by regional office personnel, by focusing on compliance with program regulations as well as general operational concerns, including local level reviews. In addition to management reviews, FNS is placing increased emphasis on systematic reviews of financial operations and reporting.

-- Food Stamp Program quality control reviews, to assess the States' liabilities due to excessive error rates in issuance of benefits, and the determination of enhanced funding for States with low error rates. New standards and procedures for the quality control program established by the Hunger Prevention Act of 1988 are currently being implemented.

-- Continued acquisition of new equipment and training of staff aimed at increasing integration among existing systems and efficiency of financial and program operation data handling.

-- Management reviews and technical assistance aimed at increasing the effectiveness of the Employment and Training Program in the Food Stamp Program.

-- Continue current demonstration projects testing the impact of Electronic Benefit Transfer technology on the Food Stamp issuance, redemption and reconciliation process.

-- Implementation of P.L. 101-147, the Child Nutrition and WIC Reauthorization Act.

-- Special Nutrition Program activities to improve program integrity, accountability, and quality control particularly for the school, child and adult care feeding programs, and the WIC program.

- Continued development of the Unified Review System to assure that it effectively reduces over counting and claiming problems in the special nutrition programs; and exploration of alternate counting and claiming methods that may be able to reduce both burden and errors.

- Implementation of WIC vendor management improvement initiatives and proposed and final regulations to strengthen the integrity of vendor selection, training, monitoring and sanctioning.

- Implementation of the Processed Commodity Information Management System (PCIMS) which will create one database for three USDA Agencies to use to manage the Commodity Programs, and will make the programs more responsive to recipient agencies.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of $5,051,000 for salaries and benefits and other expenses consisting of:

(a) An increase of $648,000 for partial funding of the 1989 pay raise and $1,116,000 which represents 50 percent of the 1991 pay raise. The remaining 50 percent of the 1991 pay raise and the total 1990 pay raise are being absorbed.

(b) An increase of $1,831,000 to fund program initiatives consisting of:

Need for Change. The funds requested will provide the agency with resources to protect the Federal interest and ensure the quality of the results in several welfare reform projects; resolve concerns with the administration of the commodity programs, improve the operation of the Food and Nutrition Service financial management systems and continue progress on the automated data processing systems. Increased emphasis and resources will be devoted to program integrity review and enforcement in vital areas of the special nutrition programs.

Nature of Change. An increase of $1,831,000 for additional support for continued projects and new initiatives in Fiscal Year 1991 as follows:

— Program Accountability for Child Nutrition and WIC —The Federal Review System currently in operation is directed solely toward the National School Lunch Program and is funded directly with program funds.

Establishing a new Unified Review System within Food Program Administration would allow the Agency to direct efforts toward whichever programs present the most serious accountability vulnerabilities in a given year. Of particular concern is the ability to consider accountability of the Special Supplemental Food Program for Women, Infants and Children and the Commodity Distribution Program. Providing funding in FPA in 1991 would allow flexibility for redirection of resources as necessary based on existing circumstances.

— Food Stamp Employment and Training — Program efforts to date have emphasized the design and implementation of program components to conform to statutory and regulatory requirements. The focus in Fiscal Year 1990 will shift to "managing" the programs, as States are faced with meeting performance standards. As with any developing program function, Federal staff efforts through 1990 are heavily oriented toward broad-based technical assistance to achieve compliance, with growing emphasis on the quality of program, monitoring program costs, and the integrity of program reporting. Fiscal Year 1991 will see the implementation of outcome-based performance measures, integration of Food Stamp E&T activities with the E&T efforts in the Aid to Families with Dependent Children Program, and increasing emphasis controlling program costs. Staff resources available through Fiscal Year 1990 simply cannot absorb these additional functions. Beyond current levels, staff are needed to define and ensure reporting of uniform, accurate, valid, and timely data. Records of program costs need to be reviewed to ensure only actual, appropriate, and approved costs are being charged to the Food Stamp Program. Systems to collect and evaluate performance data must be designed, implemented and monitored.

(c) An increase of $1,456,000 for travel and other operating expenses.

Need for Change. In addition to standard inflationary factors, increases are needed to restore travel funding to the past year minimum level, and to provide for advances in communication and automation technologies.

Nature of Change. Travel costs are increased by $214,000 to $2,906,000 in Fiscal Year 1991. This estimate provides for 4.2 percent inflation to restore the Agency to approximately the Fiscal Year 1989 level. This restoration in travel is needed for critical program compliance and monitoring activities.

All Other includes an increase of $1,242,000 for other operating services increases. This increase provides $500,000 for minimal computer equipment replacement and installation throughout the Agency. An additional $505,000 provides a 4.2 percent increase in the cost of ongoing staff-year support services including printing telecommunications, training, supplies, and other services. Also, an increase of $237,000 is included for central computer system usage costs, equipment maintenance lease increases, and metered mail implementation in the regional offices.

GENERAL PROVISIONS

The estimates include General Provisions language as follows (new language underscored; deleted matter enclosed in brackets):

Section 601: Limits expenditures on consulting services obtained through procurement contracts to contracts of public record.

> Sec. 601. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Section 602: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1991:

> Sec. 602. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the
> 1 fiscal year [1990] 1991 under this Act shall be available for the purchase, in addition to those specifically provided for, of not to
> 2,3 exceed [514] 612 passenger motor vehicles, of which [508] 607 shall be for replacement only, and for the hire of such vehicles.

The first change adds language making this section of the General Provisions applicable to fiscal year 1991.

The second and third changes revise the total number of passenger motor vehicles to be acquired in fiscal year 1991. The estimates propose the acquisition of 612 passenger motor vehicles. Of this amount 607 would be acquired to replace existing vehicles and five would be additions to the fleet. Of the five vehicles to be acquired without exchange, two are for the Foreign Agricultural Service for use at two posts that are to open in 1991; and three are to be used by the Agricultural Marketing Service to provide a means of transportation for graders to transport samples from field sites to regional laboratories.

Section 603: Provides that funds available to the Department of Agriculture shall be available for uniforms or uniform allowances.

> Sec. 603. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

Section 604: Provides that not less than $1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

> Sec. 604. Not less than $1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

Section 605: Prohibits the use of funds in this Act to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marijuana, or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

> Sec. 605. No part of the funds contained in this Act may be used to make production or other payments to a person, persons, or corporations upon a final finding by court of competent jurisdiction that such party is guilty of growing, cultivating, harvesting, processing or storing marijuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.

Section 606: Provides that advances of money from any appropriation in this Act for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

> Sec. 606. Advances of money to chiefs of field parties from any appropriation in this Act for the Department of Agriculture may be made by authority of the Secretary of Agriculture.

Section 607: Provides a limitation on the cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations.

> Sec. 607. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed $2,000,000: Provided, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

Section 608: Provides that certain funds are to remain available until expended.

> Sec. 608. New obligational authority provided for the following appropriation items in this Act shall remain available until
> 1 expended: Public Law 480; [Mutual and Self-Help Housing;] Watershed and Flood Prevention Operations; Resource Conservation and Development; Colorado River Basin Salinity Control Program; Animal and Plant Health Inspection Service, $4,500,000 for the contingency fund
> 2 to meet emergency conditions[, $5,000,000 for the Grasshopper and Morman Cricket Control Programs], and buildings and facilities; Agricultural Stabilization and Conservation Service, salaries and expenses funds made available to county committees; the Federal Crop Insurance Corporation Fund; Agricultural Research Service, buildings
> 3 and facilities[, and up to $10,000,000 of funds made available for construction at the Beltsville Agricultural Research Center; Cooperative State Research Service, buildings and facilities; Scientific Activities Overseas (Foreign Currency Program); Dairy Indemnity Program; $2,852,000]; $4,000,000 for higher education training grants under section 1417(a)(3)(B) of Public Law 95-113, as
> 4 amended (7 U.S.C. 3152(a)(3)(B)); $11,000,000 for a program of capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University; and buildings and facilities, Food and Drug Administration.

The first and third changes delete accounts for which no funds are requested.

The second change deletes language for Grasshopper and Morman Cricket funds to remain available until expended because the Administration is not requesting a reserve for this program.

The fourth change requests that the funds for the capacity building grants program be available until expended. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 609: Provides that no part of any appropriation in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

> Sec. 609. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Section 610: Provides a limitation on the amount of funds available to provide orientation and language training for families of officers and employees of the Department in anticipation of an assignment abroad of such officers and employees or while abroad, pursuant to Public Law 94-449.

> Sec. 610. Not to exceed $50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

Section 611: Provides that employees of the agencies of the Department of Agriculture may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized.

> Sec. 611. Notwithstanding any other provision of law, employees of the agencies of the Department of Agriculture, including employees of the Agricultural Stabilization and Conservation county committees, may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized, and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, droughts, floods, and other acts of God.

Section 612: Requires that funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.

> [Sec. 612. Funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.]

This change deletes the entire section 612. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out responsibilities to see that the programs of the Department are operated in the most efficient and effective manner.

Section 613: Limits expenditure of funds on contracts for services to those awarded in accordance with existing law.

> [Sec. 613. No part of any appropriation contained in this Act shall be expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), pursuant to any obligation for services by contract, unless such executive agency has awarded and entered into such contract as provided by law.]

This change deletes the entire section 613. This provision is unnecessary because funds are expended on contracts for services that are awarded in accordance with existing law.

Section 614: Prohibits use of funds to enforce regulations that have been disapproved pursuant to a resolution of disapproval adopted by the Congress.

> [Sec. 614. None of the funds appropriated or otherwise made available by this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.]

This change deletes the entire section 614. Funds of this Department are not available to implement regulations disapproved by the Congress in accordance with the applicable law of the United States.

Section 615: Specifies the minimum amount of certificates of beneficial ownership that must be sold by the Farmers Home Administration during the fiscal year.

> [Sec. 615. Certificates of beneficial ownership sold by the Farmers Home Administration in connection with the Agricultural Credit Insurance Fund, Rural Housing Insurance Fund, and the Rural Development Insurance Fund shall be not less than 65 per centum of the value of the loans closed during the fiscal year.]

This change deletes the entire section 615. The language now restricts financing of the revolving funds by FmHA and may actually increase the interest costs to the revolving fund. Both the CBO sale to the FFB and Treasury borrowings are now treated as financing transactions. The Department has concluded that Treasury borrowing is a cheaper method of financing the funds. If FmHA would need to repurchase CBO's before maturity, FFB prepayment penalties would be very costly. Therefore FmHA does not plan to sell CBO's to the FFB in 1991.

Section 616: Limits the negotiated indirect cost rates on cooperative agreements between the Department and nonprofit institutions to 10 per centum of the value of the agreement.

> Sec. [616] 612. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

This change renumbers the section due to deletion of other sections.

Section 617: Funds shall not be used to carry out any activity related to the phasing out of the Resource Conservation and Development Program.

> [Sec. 617. None of the funds in this Act shall be used to carry out any activity related to phasing out the Resource Conservation and Development Program.]

This change deletes the entire section 617. The budget does not propose to eliminate this program.

Section 618: Ensures the Commodity Credit Corporation's right and obligation to sell surplus commodities in world trade at competitive prices.

> Sec. [618] 613. None of the funds in this Act shall be used to prevent or interfere with the right and obligation of the Commodity Credit Corporation to sell surplus agricultural commodities in world trade at competitive prices as authorized by law.

This change renumbers the section due to the deletion of other sections.

Section 619: Enables the Secretary of Agriculture to provide commodities to individuals in certain hardship situations.

> Sec. [619] 614. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

This change renumbers the section due to the deletion of other sections.

Section 620: Requires that before any funds may be paid from the Treasury, or any other fund of a Government corporation, with respect to laws made and credits extended to the Polish People's Republic, that Republic must have been declared to be in default of its debt or the President on a monthly basis, must justify payments as serving the national interest.

> [Sec. 620. During fiscal year 1990, notwithstanding any other provision of law, no funds may be paid out of the Treasury of the United States or out of any fund of a Government corporation to any private individual or corporation in satisfaction of any assurance agreement or payment guarantee or other form of loan guarantee entered into by any agency or corporation of the United States Government with respect to loans made and credits extended to the Polish People's Republic, unless the Polish People's Republic has been declared to be in default of its debt to such individual or corporation or unless the President has provided a monthly written report to the Speaker of the House of Representatives and the President of the Senate explaining the manner in which the national interest of the United States has been served by any payments during the previous month under loan guarantee or credit assurance agreement with respect to loans made or credits extended to the Polish People's Republic in the absence of a declaration of default.]

This change deletes the entire section. This language is no longer applicable as there are no longer any outstanding guaranteed loans with Poland.

Section 621: Limits the expenditure of appropriated funds for space rental and related costs - to that level included in the 1990 budget.

> Sec. [621] 615. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year [1989] 1990 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.

These changes renumbers the section due to the deletion of other sections and makes this section of the General Provisions applicable to fiscal year 1991.

Section 622: Requires that not less than twenty construction starts will be initiated in FY 1990, under the Watershed Protection and Flood Prevention Act, P.L. 566 (not less than twenty new projects), and the Flood Prevention Act, P.L. 534 (not less than five new projects).

> [Sec. 622. In fiscal year 1990, the Secretary of Agriculture shall initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act (Public Law 566) and not less than five new projects under the Flood Control Act (Public Law 534).]

This change deletes the entire section. The 1991 budget proposes to initiate new projects; however, this change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 623: Provides that funds may be used for translating certain USDA publications.

> Sec. [623] 616. Funds provided by this Act may be used for translation of publications of the Department of Agriculture into foreign languages when determined by the Secretary to be in the public interest.

This change renumbers the section due to deletion of other sections.

Section 624: Precludes the relocation of the FmHA State Office in Hawaii.

> [Sec. 624. None of the funds appropriated by this Act may be used to relocate the Hawaii State Office of the Farmers Home Administration from Hilo, Hawaii, to Honolulu, Hawaii.]

This change deletes the entire section. This change is requested in order to permit the Secretary and his staff in the Farmers Home Administration the flexibility needed to carry out the mission of that agency.

Section 625: Exempts veterinarians from constraints on personal services contracts under existing law.

> Sec. [625] 617. Provisions of law prohibiting or restricting personal services contracts shall not apply to veterinarians employed by the Department to take animal blood samples, test and vaccinate animals, and perform branding and tagging activities on a fee-for-service basis.

This change renumbers the section due to the deletion of other sections.

Section 626: Establishes minimum staff year floors for certain agencies.

> [Sec. 626. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on full-time equivalent staff years below the level set herein for the following agencies: Food and Drug Administration, 7,500; Farmers Home Administration, 12,675; Agricultural Stabilization and Conservation Service, 2,550; Rural Electrification Administration, 550; and Soil Conservation Service, 14,177.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 627: Funds appropriated for one-year contracts which extend over two years are to be obligated in the year for which the funds are appropriated.

> Sec. [627] 618. Funds provided in this Act may be used for one-year contracts which are to be performed in two fiscal years so long as the total amount for such contracts is obligated in the year for which the funds are appropriated.

This change renumbers the section due to the deletion of other sections.

Section 628: Funds may be applied only to the objects for which appropriations were made.

> Sec. [628] 619. Funds appropriated by this Act shall be applied only to the objects for which appropriations were made except as otherwise provided by law, as required by 31 U.S.C. 1301.

This change renumbers the section due to the deletion of other sections.

Section 629: No funds are to be available to restrict the Commodity Credit Corporation from leasing space for its own use or to lease space for others when the space will be jointly occupied.

> Sec. [629] 620. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

This change renumbers the section due to the deletion of other sections.

Section 630: Prohibits the release of information acquired in connection with the administration of marketing orders, other than aggregate data.

> [Sec. 630. None of the funds provided in this Act may be expended to release information acquired from any handler under the Agricultural Marketing Agreement Act of 1937, as amended: Provided, That this provision shall not prohibit the release of information to other Federal agencies for enforcement purposes: Provided further, That this provision shall not prohibit the release of aggregate statistical data used in formulating regulations pursuant to the Agricultural Marketing Agreement Act of 1937, as amended: Provided further, That this provision shall not prohibit the release of information submitted by milk handlers.]

This change deletes the whole section. The Department considers the handler affiliation of particular growers and all other commercial or financial information submitted by handlers to be confidential and exempt from disclosure under the FOIA pursuant to the Agricultural Marketing Act of 1937.

Section 631: Prohibits the use of private debt collection agencies by the Farmers Home Administration.

> [Sec. 631. Unless otherwise provided in this Act, none of the funds appropriated or otherwise made available in this Act may be used by the Farmers Home Administration to employ or otherwise contract with private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers.]

This change deletes the whole section. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 632: No funds made available under the Act shall be used to sell loans made by the Agricultural Credit Insurance Fund.

> [Sec. 632. None of the funds in this Act, or otherwise made available by this Act, shall be used to sell loans made by the Agricultural Credit Insurance Fund. Further, Rural Development Insurance Fund loans offered for sale in fiscal year 1990 shall be first offered to the borrowers for prepayment.]

This change deletes the entire section. It is requested in order to allow the Secretary, his policy staff and program managers the flexibility needed to operate in the most efficient and effective manner. The fiscal year 1991 budget does not include sales of loans made by the Agricultural Credit Insurance Fund nor does it include any Rural Development Insurance Fund loan sales in fiscal year 1990.

Section 633: Limits the targeted export assistance program to $200,000,000.

> [Sec. 633. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a targeted export assistance program under section 1124 of the Food Security Act of 1985 if the aggregate amount of funds and/or commodities under such program exceeds $200,000,000.]

This change deletes the entire section. The targeted export assistance program is carried out pursuant to Section 1124 of the Food Security Act of 1985 and under authority provided by the Commodity Credit Corporation Charter Act. This provision unnecessarily limits the Department's ability to carry out this program under these statutory authorities.

Section 634: Limits the export enhancement program to $770,000,000.

> [Sec. 634. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out an export enhancement program (estimated to be $1,000,000,000 in the President's fiscal year 1990 Budget Request (H. Doc. 101-4)) if the aggregate amount of funds and/or commodities under such programs exceeds $770,000,000.]

This change deletes the entire section. The export enhancement program is carried out under authority provided by the Commodity Credit Corporation Charter Act. This provision unnecessarily limits the Department's ability to carry out this program under these statutory authorities.

Section 635: Prohibits the use of funds to regulate the order or sequence of advances under approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank, or the Federal Financing Bank.

> [Sec. 635. None of the funds in this Act, or otherwise made available by this Act, shall be used to regulate the order or sequence of advances of funds to a borrower under any combination of approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank or the Federal Financing Bank.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 636: Provides for a $30,000,000 program for sunflower and cottonseed oil, as authorized by law.

> [Sec. 636. In fiscal years 1990 and 1991, $30,000,000 of section 32 funds shall be used to purchase sunflower and cottonseed oil, as authorized by law, and such purchases to facilitate additional sales of such oils in world markets at competitive prices, so as to compete with other countries: Provided, That these funds shall be in addition to funds made available for this purpose by the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1989 (Public Law 100-460.)]

This change deletes the entire section. Statutory authority to provide export assistance for sunflower and cottonseed oils is provided by the Commodity Credit Corporation Charter Act. This language is unnecessary and limits the Department's ability to carry out export promotion activities in response to changing conditions.

Section 637: Pertains to the funding of fiscal year 1990 pay raise.

> [Sec. 637. Such sums as may be necessary for fiscal year 1990 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.]

This change deletes the entire section. This provision applies to the fiscal year 1990 pay raise. The fiscal year 1991 budget includes funds for the January 1991 proposed pay increase.

Section 638: Requires grantees receiving Federal funds to disclose the percentage of the total project or program cost that is Federally funded and the amount of Federal funds involved.

> [Sec. 638. When issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state (1) the percentage of the total cost of the program or project which will be financed with Federal money, and (2) the dollar amount of Federal funds for the project or program.]

This change deletes the entire section.

Section 639: Place a prohibition on the use of funds to pay indirect costs on research grants competitively awarded by the Cooperative State Research Service that exceed a specified level of direct costs.

> [Sec. 639. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 25 per centum of total direct costs under each award.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 640: Provides for a sugar re-export program.

> [Sec. 640. Within 30 days of the enactment of this section the Secretary of Agriculture may establish and operate a program for fiscal year 1990 as follows:
>
> (a) The Secretary shall make available to sugar refiners, operators and processors commodities acquired by the Commodity Credit Corporation at such levels as the Secretary determines necessary to permit such refiners, operators or processors to purchase in the amounts specified below raw sugar grown in the Republic of the Philippines and countries designated as beneficiary countries pursuant to section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702) at prices equivalent to the market price for raw cane sugar in the United States on the condition that an equivalent amount of sugar refined in the United States is exported to world markets within 60 days. The Secretary shall make such commodities available on the basis of competitive bids and shall have discretion to accept or reject bids under such criteria as the Secretary determines appropriate. Generic certificates shall be issued in lieu of commodities acquired by the Commodity Credit Corporation under the program established under this section.

(b) The Secretary shall make available sufficient commodities to permit the importation of no less than 290,000 short tons of sugar, raw value, from the beneficiary countries specified in subsection (a), and no less than 110,000 short tons of sugar, raw value, from the Republic of the Philippines. Sugar imported under the program authorized under this section shall be in addition to any sugar quota level established for the countries specified in subsection (a) pursuant to headnote 3 of schedule 1, part 10, subpart A of the Tariff Schedules of the United States (9 U.S.C. 1202).

(c) In order to maximize the number of competing bidders, the Secretary shall, in determining the low bidders in the program established under this section, make appropriate adjustments in bids received from sugar refiners, operators and processors to reflect differing transportation costs based on refinery and factory location.

(d) The program authorized under this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

(e) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

(f) Nothing in this section shall be deemed to increase the appropriation for any program administered by the United States Department of Agriculture.

This change deletes the entire section. This language is unnecessary and provides discretionary authority for a program during fiscal year 1990 which has not been implemented. This program would establish a precedent of using assets of the Commodity Credit Corporation to subsidize foreign sugar production.

Section 641: Requires the Department to submit a report to the Congress not later than 20 days after the end of the fiscal year on the amounts obligated and expended by the Department during the years for the procurement of advisory and assistance services.

[Sec. 641. (a)(1) Not later than 20 days after the end of each fiscal year, the Secretary of Agriculture shall (A) submit to Congress a report on the amounts obligated and expended by the Department during the fiscal year for the procurement of advisory and assistance services, and (B) transmit a copy of such report to the Comptroller General of the United States. (2) Each report submitted under paragraph (1) shall include a list with the following information:

(A) All contracts awarded for the procurement of advisory and assistance services during the fiscal year and the amount of each contract.

(B) The purpose of each contract.

(C) The justification for the award of each contract and the reason the work cannot be performed by civil servants.

(b) The Comptroller General of the United States shall review the reports submitted under subsection (a) and transmit to Congress any comments and recommendations the Comptroller General considers appropriate regarding the matter contained in such reports.]

This change deletes the entire section.